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LAWS OF MAINE

CONCERNING

Business Corporations

(ANNOTATED)

With the Liberal Changes of 1901

DIRECTIONS FOR ORGANIZATION
COMPLETE FORMS

By
HERBERT M. HEATH,
Counsellor-at-Law

[Revised Edition]

[PERSONAL PRESENCE IN MAINE UNNECESSARY]

KENNEBEC JOURNAL PRINT
1902

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OCT 28 1937

Reference Index Table of Changes in Numbering of Sections of Corporation Law in Revised Statutes of Maine, 1903.
(To be "tipped into" Heath's "Laws of Maine.")

Revision of 1883		New Number in Revision of 1903.		Revision of 1883		New Number in Revision of 1903.		Revision of 1883		New number in Revision of 1903.		Public Laws.			New Number in Revision of 1903.	
Chap.	Sec.	Chap.	Sec.	Chap.	Sec.	Chap.	Sec.	Chap.	Sec.	Chap.	Sec.	Year.	Chap.	Sec.	Chap.	Sec.
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46	6	47	47	46	35	47	30	48	6	47	37	1889	263	3	74	55
46	7	47	13	46	36	all united in		48	7	47	38	1891	84	1 to 12	74	56 to 67
46	8	47	14	46	to	Secs. 89 and 90		48	8	47	32	1891	130	1	74	24
46	9	47	15	46	43	or omitted.		48	9	47		1891	140	1	74	3
46	10	47	20	46	44	47	86	48	to	47	out	1891	140	2	74	4
46	11	47	22	46	45	47	87	48	15	47		1891	140	3	74	5
46	12	47	34	46	46	47	88	48	16	47	6	1891	180	1	74	19
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												1901	229	9	74	7
												1901	229	10	74	48
												1901	229	11	74	49
												1901	229	12	74	36
												1901	229	13	74	50
												1901	229	14	74	51
												1901	229	15	74	83
												1901	229	16	74	25
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												1903	182	2	74	6

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Reference Index Table showing new numbering of Sections of Statute as arranged in Heath's "Laws of Maine concerning Business Corporations," occasioned in Revision of Statutes of 1903.

Heath's Laws of Maine.				New Number According to Revised Statutes of 1903.	
Page.	Year.	Chap.	Sec.	Chapter.	Section.
8	R. S.	48	16	47	6
9	"	48	17	47	7
10	"	48	2	47	19
10	1901	229	9	47	7
10	R. S.	46	5	47	16
10	"	48	18	47	8
11	"	48	19	47	10
11	"	1	6	1	6, clause 28
12	"	46	23	47	2
12	"	46	2	47	46 19
12	"	46	6	47	47
13	"	46	21	47	68
13	1901	229	10	47	48
13	1901	229	14	47	51
14	1901	229	11	47	49
14	1885	361		47	45
14	1893	182		47	52
14	1891	229	12	47	36
15	R. S.	46	8	47	14
15	"	46	9	47	15
15	"	46	4	47	12
15	"	46	7	47	13
16	"	46	10	47	20
16	"	46	19	47	21
16	"	46	11	47	22
17	1895	67	3	47	23
17	R. S.	46	12	47	34
17	1897	293	1	47	34
18	1897	293	2	47	85
18	1897	293	3	47	35
18	1897	293	4	47	84
18	R. S.	48	6	47	37
18	"	48	7	47	38
19	"	46	13	47	17
19	"	46	14	47	18
19	"	48	8	47	32
20	"	46	30	47	24
20	"	46	31	47	25
22	"	48	20	47	39
22	1895	67	1	47	40
23	R. S.	46	15	47	41
23	"	46	16	47	42
23	"	46	17	47	43
23	"	46	18	47	44
23	"	46	44	47	86
23	"	46	45	47	87
24	1901	229	13	47	50
24	R. S.	46	46	47	88
24	"	46	47	47	89
25	"	46	48	47	90
26	"	46	51	47	92
26	"	46	52	47	93
27	"	46	53	47	94
27	"	46	20	47	71
27	"	46	50	47	out
27	"	48	9	47	72
28	"	48	10	47	73
28	"	48	11	47	74
28	"	48	12	47	75
28 to 32	1891	84	1 to 12	47	56 to 67
32	R. S.	46	24 to 29	47	77 to 82
33	1901	229	15	47	83
33	R. S.	46	54	47	95
34	"	46	36	47	31
34	1901	229	1	47	26
34	1901	229	2	47	28
35	1901	229	3	47	18
35	1901	229	4	47	19
35	1901	229	5	47	20
35	1901	229	6	47	21
36	1901	229	7	47	22
36	1901	229	19	47	31

PREFACE.

This work has been taken up owing to the liberal changes in the corporation code of Maine made by the act of 1901.

The statutes, as herein revised, have been re-arranged in logical order. The true chapter and section numbers are preserved for accurate reference. Many of the references to the Maine Reports relate to questions of judicial practice. In the notes will be found brief abstracts of decisions and suggestions touching matters of interest to non-residents contemplating organization.

The forms follow long-approved precedents and are the growth of years. Corporate organization in Maine is simple and inexpensive and with the well-known conservatism of the State the statutes are not likely to be materially changed.

This second and revised edition we trust will meet the generous approval given to the edition of three thousand five hundred first issued and now held by counsel in other states.

HERBERT M. HEATH.

AUGUSTA, ME., April, 1902.

SPECIAL ADVANTAGES

OF

MAINE CORPORATION LAWS.

1. Personal presence of non-resident incorporators at organization unnecessary.
2. Stock and transfer books may be kept anywhere.
3. No returns or public record required of list of stockholders at any time. No publicity of any kind.
4. No returns or statements of financial condition at any time.
5. No return showing manner of payment for stock.
6. May issue stock or bonds in any amount.
7. May issue preferred, or other classes of stock, in any manner fixed by by-laws.
8. No personal liability when holder buys his stock in open market.
9. Nothing need be paid in.
10. Organization fees one-half those of New Jersey, two-thirds those of Delaware. Less than West Virginia.
11. Small annual tax. Company of $1,000,000 pays $1,000 in New Jersey; $500 in Delaware; $50 in Maine.
12. Absolute freedom from personal liability on bonds and other debts secured by mortgage.
13. Corporation creditors forfeit right to enforce claim for personal liability, unless suit is brought within one year after transfer, and then only for debts contracted during ownership of stock.
14. Protection for minority without endangering privileges of majority.

DIRECTIONS FOR INCORPORATING WITHOUT COMING TO MAINE.

That counsel doing business with us, or agreeing so to do, may have in their libraries a manual for ready use, we will send, on application, without charge, bound together in cloth this work and our Mr. Heath's "Comparative Advantages of the Corporation Laws of all the States and Territories," a hand book for quick work. Such counsel will receive from year to year sheets for insertion to keep both works up to date. Copies of both pamphlets, in paper, sent free in any quantity for distribution by counsel among clients.

The minutes of the first meetings of stockholders and directors in this pamphlet contain the essentials of a legal organization, subject to such changes in the by-laws, in their non-statutory elements, as the peculiar management of each corporation may require. As soon as these meetings are held and the certificate of organization filed with the Secretary of State, the directors or stockholders may proceed with the corporate business.

We recommend that incorporators, through their local counsel, send to us for the following forms, furnished without charge:

Memoranda for Preparing Organization Papers, (one).
Stock Subscriptions (one for each Corporator).
Powers of Attorney, First Meeting, (one for each Corporator).
Full Minutes First Meeting (one).
Directors' Waiver of Notice, First Meeting, (one).

Appropriate directions are printed upon each blank and if carefully followed there can be no misunderstanding between the foreign office and our own. The blank called "Memoranda for Preparing Organization Papers" should be executed fully and carefully. We can lay down no cast iron rule. All we ask is that counsel will follow the directions on the blanks. We will then so manage the incorporation here that when we return the certificate of the Secretary of State, the certified copy of records of meetings of stockholders and directors, and other necessary papers the company will be organized as outlined in the memoranda sent to us and be ready to begin actual business. *Follow instructions on blanks.* The references on the last page of this pamphlet will assure you that you will be satisfied with the painstaking accuracy of our work. We give every case the benefit of our long experience in managing corporate matters, realizing that every case has its peculiar problems. Thoughtful counsel abroad well understand that this work is not mechanical and too delicate to be safely trusted to the corporation charter companies now burdening the mails with their literature.

Certificates of organization must be true in fact. The approval of the Attorney-General is but *prima facie* evidence of regularity. Counsel guiding the organization must from the fulness of experience be the real protection of incorporators seeking safety. We believe the charter is voidable where the certificate is signed outside of the State by officers who were not in fact present at a meeting held within the State. That they are recorded as present is not sufficient. There is no difficulty in perfecting a legal organization, without the presence of the promoters, but the methods used must rest upon absolute truth, not upon a mere record. Such records are reviewable. Nor can the first meeting be held wholly through powers of attorney. The essentials of the statute must be met squarely. Our method uses no fictions. We personally guarantee that our work will stand the strictest judicial investigation.

We solicit business solely through attorneys, and only where local counsel employed by incorporators have no legal correspondents in Maine. We have no desire to take established business from others. Counsel abroad, under our methods, can make corporate business done through our office as profitable as if they used their home system.

Our uniform rate is $25 for counsel fee and $25 for annual Clerk's fee, paid in advance. The Clerk's fee covers the keeping of records, maintenance of Maine office, and such statutory advice during each year as the corporation may require. We uniformly make a division of these fees with the office forwarding the business depending upon the amount forwarded.

Our office is equipped with a full force, complete sets of forms devised by us and records, printed for speedy work. As Augusta is the seat of two filings required, the County Registry and the office of the Secretary of State, counsel in this city are prepared for prompt work.

Maine charters are more liberal, less expensive, and with fewer burdensome restrictions than the charters of New Jersey, or Delaware. With rigid rules as to the maintenance of a clerk's office, substantially the entire regulation with absolute freedom from publicity is left to the stockholders. Corporations are given all the powers of natural persons necessary to accomplish the corporate purposes. The initial fees are lower than in New Jersey Delaware or West Virginia except for the smaller corporations. The annual franchise taxes are much lower; for illustration, a corporation with $5,000,000 capital pays annually, $4,000 in New Jersey, $2,000 in Delaware, $1,060 in West Virginia, $150 in Maine; upon $20,000,000, the amounts would be respectively $4,750, $2,450, $1,810 and $525. Upon smaller corporations, say $500,000, the taxes would be respectively $500, $250, $250 and $25. Even with the smaller corporations the expense at the end of the year is far less than in West Virginia, Delaware or New Jersey by reason of the heavier annual franchise taxes in those states. These taxes are not likely to be increased, nor is the fundamental statute likely to be changed to the prejudice of quasi-foreign corporations. Maine is seeking capital and public sentiment approves the long-established policy of not restricting corporations.

We will send free on application our Mr. Heath's pamphlet "Comparative Advantages of the Corporation Laws of all the States and Territories," a critical study of the system of each state and territory, showing cost, rules of liability, ease of procedure or otherwise, restrictions and other elements of interest to promoters. The work is compact and intended to be a hand-book for the active practitioner anxious to safely economize time.

If the profession abroad could be made to understand that, all things considered, Maine has the safest, simplest, and most economical system in the Union, a fact demonstrated by study of our two pamphlets, all corporations would seek a home in this state.

HEATH & ANDREWS.

STATUTES OF MAINE

CONCERNING

BUSINESS CORPORATIONS

IN EFFECT, APRIL 21, 1902.

CORPORATE PURPOSES.

How three or more persons may organize themselves into a corporation for certain enumerated purposes.

—other corporations excepted.

R. S. Ch. 48, Sec. 16. Three or more persons may associate themselves together by written articles of agreement, for the purpose of forming a corporation to carry on any lawful business, including corporations for manufacturing, mechanical, mining or quarrying business and also corporations whose purpose is the carriage of passengers or freight, or both, upon the high seas, or from port or ports in this State to a foreign port or ports, or to a port or ports in other states, or the carriage of freight or passengers, or both, upon any waters where such corporations may navigate; and excepting corporations for banking, insurance, the construction and operation of railroads or aiding in the construction thereof, and the business of savings banks, trust companies or corporations intended to derive profit from the loan or use of money, and safe deposit companies; including the renting of safes in burglar-proof and fire-proof vaults; also excepting telegraph and telephone companies.

NOTE. The articles of association require no formalities except the signatures of the incorporators. They should state the corporate purposes in the fullest and clearest manner possible. It is unnecessary to state the corporate powers, thus dispensing with the refinements of the New Jersey and Delaware practice. The various kinds of business should be specifically stated. Subject to the restrictive features of the statutes, such corporations have all the powers necessary to accomplish the corporate purposes. In New Jersey and Delaware express powers are conferred upon condition that they are inserted in the certificate of incorporation. In Maine, by R. S., ch. 48, § 19, the incorpo-

Insert between pages 8 and 9 of Heath's "Laws of Maine Concerning Business Corporations."

Legislation of 1903.

See Laws of 1903, Ch. 182, as follows:

Section 2. Section sixteen of chapter forty-eight of the revised statutes is hereby amended by adding the word "anywhere" after the word "business" in line four and by adding thereto the following words: 'but corporations may also be formed hereunder to exercise the following corporate purposes in other states and jurisdictions, namely: the construction and operation of railroads or aiding in the construction thereof, telegraph or telephone companies, and gas or electrical companies, and in all such cases the articles of agreement and certificate of organization shall state that such business is to be carried on only in states and jurisdictions when and where permissible under the laws thereof, and such corporations heretofore organized for the transaction of such business in other states or jurisdictions, if otherwise legally organized and now existing, are hereby declared to be corporations under the laws of this state,' so that said section as amended shall read as follows:

'Section 16. Three or more persons may associate themselves together by written articles of agreement, for the purpose of forming a corporation to carry on any lawful business anywhere, including corporations for manufacturing, mechanical, mining or quarrying business and also corporations whose purpose is the carriage of passengers or freight, or both, upon the high seas, or from port or ports in this state to a foreign port or ports, or to a port or ports in other states, or the carriage of freight or passengers or both, upon any waters where such corporations may navigate; and excepting corporations for banking, insurance, the construction and operation of railroads or aiding in the construction thereof, and the business of savings banks, trust companies or corporations intended to derive profit from the loan or use of money, and safe deposit companies; including the renting of safes in burglar-proof and fire-proof vaults; also excepting telegraph and telephone companies, but corporations may also be formed hereunder to exercise the following corporate purposes in other states and jurisdictions, namely: the construction and operation of railroads or aiding in the construction thereof, telegraph or telephone companies, and gas or electrical companies, and in all such cases the articles of agreement and certificate of organization shall state that such business is to be carried on only in states and jurisdictions when and where permissible under the laws thereof, and such corporations heretofore organized for the transaction of such business in other states or jurisdictions, if otherwise legally organized and now existing, are hereby declared to be corporations under the laws of this state.'

NOTE. The amendment was unanimously adopted at the suggestion of the compiler of this pamphlet to enlarge the corporate policy of the State The section now includes four distinct rules.

By inserting "anywhere" after the word "business," R. S. ch. 48, sect. 16, line 4, (page 8 of this pamphlet) we find the first rule. Corporations may be organized to carry on any lawful business anywhere, except banking, insurance, railroads, savings-banks, trust companies, loaning of money, safe deposit companies. renting of safes, telegraph and telephone companies, and, by virtue of chapters 102 and 103 of Laws of 1895, gas and electrical companies. If the certificate contains none of these excepted purposes, good practice requires the statement of the corporate purposes broadly so as to show by necessary implication, but not expressly, that the business may be carried on anywhere. For illustration, a corporation to engage in the business of selling coal should state its purposes to be "to buy, sell and deal in coal." It is not necessary and much better not to add the word "anywhere," because ch. 229, sect. 10, Laws of 1901, (page 13 of this pamphlet) expressly gives the right to conduct the authorized business anywhere. It is imprudent, in any certificate, under the Maine code or elsewhere, to name any particular state or states in which the business is to be carried on. See *Pinney v. Nelson,* 183 U. S. 144. The foregoing suggestions avoid the operation of the rule of that case. The section as redrafted required, however, the interpolation of the word "anywhere" to make plain the subsequent features of the amendment.

As a second rule, corporations may now be formed for one or more of the following corporate purposes to be exercised wholly outside of the State of Maine: the construction and operation of railroads or aiding in the construction thereof, telegraph or telephone companies, and gas or electrical companies. The word "railroads," as here used, includes street railroads. The articles of agreement and the certificate of organization must expressly state that such business is to be carried on only in states and jurisdictions when and where permissible under the laws thereof. We advise using the language of the statute. By reason of *Pinney v. Nelson, supra,* it is better not to name any particular state in the certificate but to confine the primary assertion of corporate purposes to the statement required by the statute that "such purposes are to be exercised in states and jurisdictions other than the State of Maine and such business is to be carried on only in states and jurisdictions when and where permissible under the laws thereof." If so worded, nothing in *Pinney v. Nelson* intimates that the Court would hold the rule of that case to be applicable. If in doubt upon this point, counsel could frame a clause for insertion in the certificate expressly stating that the liability of stockholders is to be determined solely by the laws of Maine and the admission to a foreign state would carry with it the charter contract of the stockholders so worded.

Pinney v. Nelson rests upon the principle that by naming a particular state in the certificate the stockholders have by their charter contract agreed to adopt all the laws of such state applicable to stockholders. The right to engage in interstate commerce without tax, fee or restriction, excludes the power of a foreign state to interfere with the fundamental contract between the stockholders, if the corporate purposes are so broadly stated as to be interstate upon their face. The expression in the amendment "when and where permissible under the laws thereof," was necessary to meet the general rule that, aside from the field of interstate commerce, no state can force into another jurisdiction a corporation of any kind except as permitted by the local laws of such foreign state. Such permission, however, deals with the corporation and cannot define the relations between the individual stockholders and foreign creditors, unless the stockholders in their certificate, following *Pinney v. Nelson*, name a particular state in which the business is to be carried on. The expression in the amendment simply affirms the general rule of law affecting the admission of foreign corporations and was inserted to make sure that the incorporation itself could not be challenged as void.

The third rule authorizes an incorporation for purposes partly under the first rule and partly under the second. In such cases, the articles and certificate should contain this statutory statement, "Such corporate purposes so far as they authorize the construction and operation of railroads [or otherwise as the case may come within the excepted purposes] are to be exercised in states and jurisdictions other than the State of Maine and such business is to be carried on only in states and jurisdictions when and where permissible under the laws thereof."

The fourth rule is the denial of the right to incorporate for the following purposes, whether for Maine or abroad: banking, insurance, the business of savings banks, trust companies, corporations intended to derive profit from the loan or use of money, safe deposit companies, and the renting of safes in burglar-proof and fire-proof vaults. No certificate should contain any of these purposes expressly or by implication.

The profession abroad may feel safe in relying upon the policy of Maine as stable as shown by the unanimity with which this statute was adopted. It was the universal opinion of the Legislature that no increase of the franchise tax or other change prejudicial to non-residents is likely to be made or agitated in the future.

[See balance of note at bottom of page 8 and top of page 9 of pamphlet].

POWERS OF DIRECTORS.

See Laws of 1903, ch. 182, as follows:

Section 1. Section two of chapter forty-eight of the revised statutes is hereby amended by adding thereto the following words: 'but nothing herein shall prohibit corporations organized under the general law from providing by their by-laws for the division of their directors into classes and their election for a longer term than one year. After the certificate of organization required by law is filed in the office of the secretary of state, directors of all corporations not charged with the performance of any public duty within this state may hold meetings without this state and there transact business and perform all corporate acts not expressly required by statute to be performed within this state. Directors of such corporations may act through committees whose powers shall be defined in the by-laws,' so that said section as amended shall read as follows:

'Section 2. Such officers shall be chosen annually, and shall continue in office until others are chosen and qualified in their stead. There shall not be less than three directors, one of whom shall be by them elected president. No director can hold such office after he ceases to be a stockholder. The treasurer shall give bond for the faithful discharge of his duties, in such sum, and with such sureties, as are required. The clerk shall be sworn, and shall record all votes of the corporation in a book kept for that purpose, but nothing herein shall prohibit corporations organized under the general law from providing by their by-laws for the division of their directors into classes and their election for a longer term than one year. After the certificate of organization required by law is filed in the office of the secretary of state, directors of all corporations not charged with the performance of any public duty within this state may hold meetings without this state and there transact business and perform all corporate acts not expressly required by statute to be performed within this state. Directors of such corporations may act through committees whose powers shall be defined in the by-laws.'

NOTE. For effect of first change see R. S. ch. 48, sec. 2, (page 9 of pamphlet) and R. S. ch. 46, sec. 6 (page 12 of pamphlet). See our note, page 13 of pamphlet, that directors may be classified under the power of the stockholders, R. S. ch. 46, sec. 6, to determine by their by-laws "the tenure of the several officers," but the author of Dyer on Maine Corporations felt that the doubt ought to be removed and by the amendment explicit power of classification is given.

Heretofore, the statutes have contained no affirmative provisions authorizing directors to perform corporate acts without this state. The power to conduct business in other jurisdictions was explicitly granted by 1901, ch. 229, sec. 10, (page 13 of pamphlet). Whether directors in the absence of express statutory authority can under any corporate system perform corporate acts without the state, such as electing officers, is doubted by good authors. The amendment removes the doubt. No corporate acts of directors are expressly required by statute to be performed within this state after filing the certificate of organization.

The remaining change makes it clear that directors may act through committees, a question still in grave doubt under the New Jersey statute and other systems of the so-called liberal states.

The changes of 1903 put the Maine system, in liberality and safety for the investing stockholder, far in advance of the systems of other states.

(See note at top of page 10 of pamphlet and notes throughout the same on question of personal liability.)

Insert between pages 8 and 9 of Heath's "Laws of Maine concerning Business Corporations."

Revised Statutes of 1903.

Ch. 47, Sec. 7, (formerly Ch. 48, Sec. 17).

Sec. 7. Their first meeting shall be called by one or more of the signers of said articles, by giving notice thereof, stating the time, place and purposes of the meeting to each signer, in writing, or by publishing it in some newspaper printed in the county, at least fourteen days prior to the time appointed therefor. If all of the signers of said articles shall in writing waive notice and fix a time and place of such meeting, no notice or publication shall be necessary. At such meeting they may organize into a corporation, adopt a corporate name, define the purposes of the corporation, fix the amount of the capital stock, which shall not be less than one thousand dollars, divide it into shares and elect not less than three directors, a clerk, treasurer and any other necessary officers, and may adopt a code of by-laws.

NOTE. The only change in this section is the omission of the election by the stockholders of a President, which is provided for below.

Ch. 47, Sec. 19, (formerly Ch. 48, Sec. 2, as amended 1903, Ch. 182).

Sec. 19. Corporations shall have a president, directors, clerk, treasurer and other desirable officers. Such officers shall be chosen annually, and shall continue in office until others are chosen and qualified in their stead. There shall not be less than three directors, one of whom shall be by them elected president. Directors must be and remain stockholders, except that a member of another corporation, which owns stock and has a right to vote thereon, may be a director. The treasurer shall give bond for the faithful discharge of his duties, in such sum, and with such sureties, as are required. The clerk shall be sworn, and shall record all votes of the corporation in a book kept for that purpose, nothing herein shall prohibit corporations from providing by their by-laws for the division of their directors into classes and their election for a longer term than one year. After the certificate of organization required by law is filed in the office of the secretary of state, directors of all corporations not charged with the performance of any public duty within the state may hold meetings without the state and there transact business and perform all corporate acts not expressly required by statute to be performed within the state. Directors of such corporations may act through committees whose powers shall be defined in the by-laws.

Note. This provides for the election of a President by the Directors only, doing away with the former double provision for an election by both stockholders and Directors, which was an anomaly.

ration is made the equivalent of a special charter, and hence the common law power to do any act that an individual could do and a plain grant of the right to use all the means suitable and proper to accomplish the corporate purposes. The simplification of practice is apparent.

The articles of association should be signed in person, not by attorney.

FIRST MEETING.

R. S. Ch. 48, Sec. 17. (*As amended* 1901, *Ch.* 229, *Sec.* 8). Their first meeting shall be called by one or more of the signers of said articles, by giving notice thereof, stating the time, place and purposes of the meeting to each signer, in writing, or by publishing it in some newspaper printed in the county, at least fourteen days prior to the time appointed therefor. At such meeting they may organize into a corporation, adopt a corporate name, define the purposes of the corporation, fix the amount of the capital stock, which shall not be less than one thousand dollars, divide it into shares, and elect a president, not less than three directors, a clerk, treasurer, and any other necessary officers, and may adopt a code of by-laws.

First meeting.
61 Me., 356.
64 Me., 381.
70 Me., 146.

—amount of capital stock and officers.
See R. S., ch. 48, § 2; ch. 46, § 6.

NOTE. This section limits the powers of the incorporators at the first meeting. A stock subscription of at least three shares should be made to qualify the directors, who must be stockholders under the following section. The power to establish by-laws, not inconsistent with the statutes, is plenary; they occupy the place of importance held in New Jersey by the certificate of incorporation.

Any name may be used, not in use by any corporation existing in this State. It must not contain the words "banking," "insurance," "railroad," "savings-bank," "trust," "safe-deposit," "telegraph" or "telephone."

There is no limit to the amount, kinds of stock, or par value. The law does not require that any part of this shall be paid in before commencing business.

Subscribers for stock are stockholders and entitled to vote, although they have paid nothing on their stock and received no certificate.

R. S. Ch. 48, Sec. 2. Such officers shall be chosen annually, and shall continue in office until others are chosen and qualified in their stead. There shall not be less than three directors, one of whom shall be by them elected president. No director can hold such office after he ceases to be a stockholder. The treasurer shall give bond for the faithful discharge of his duties in such sum and with such sureties as are required. The clerk shall be sworn and shall record all votes of the corporation in a book kept for that purpose.

Officers, when to be chosen.
—directors.
—treasurer to give bond.
—clerk to be sworn.
30 Me., 550.
41 Me., 87.

NOTE. The clerk is the only sworn officer. All other officers may be non-residents. The directors may keep their own records out of the state through their secretary. The clerk need not be a stockholder.

Waiver of notice, first meeting.

1901. Ch. 229, Sec. 9. If all the signers of said articles shall in writing waive notice and fix a time and place of the first meeting, as required under section seventeen of chapter forty-eight of the revised statutes, no notice or publication shall be necessary.

Unanimous consent, any meeting.

R. S. Ch. 46, Sec. 5. (*As amended* 1901, *Ch.* 229, *Sec.* 17). When all the members of a corporation are present in person or by proxy at a meeting and sign a written consent on the record thereof such meeting is legal.

NOTE. The amendment of 1901 added the words "by proxy" to facilitate the holding of meetings where the stock is largely held by non-residents. Informal meetings may be held at the home office and made legal through formal record of legal meeting by proxies in Maine, sent to the clerk with instructions.

CERTIFICATE OF ORGANIZATION.

Before doing business, certificate to be approved by attorney-general, recorded in registry of deeds and office of secretary of state. 61 Me., 356. 64 Me., 381. 70 Me., 146.

R. S. Ch. 48, Sec. 18. (*As amended* 1897, *Ch.* 225). Before commencing business, the president, treasurer, and a majority of the directors shall prepare a certificate setting forth the name and purposes of the corporation, the amount of capital stock, the amount already paid in, the par value of the shares, the names and residences of the owners, the name of the county where it is located, and the number and names of the directors, and the name and residence of the clerk, and shall sign and make oath to it; and after it has been examined by the attorney general, and been by him certified to be properly drawn and signed and to be conformable to the constitution and laws, it shall be recorded in the registry of deeds in the county where said corporation is located, in a book kept for that purpose, and within sixty days after the day of the meeting at which such corporation is organized, a copy thereof certified by such register shall be filed in the secretary of state's office, who shall enter the date of filing thereon, and on the original certificate to be kept by the corporation, and shall record said copy in a book kept for that purpose. Such corporation shall pay the attorney general and secretary of state five dollars each for their services, in advance; and before said certificate is filed in the office of the

—their fees.

secretary of state, when the amount of capital stock does not exceed ten thousand dollars, it shall also pay to the treasurer of state for the use of the state the sum of ten dollars; when the amount of the capital stock exceeds ten thousand dollars and does not exceed five hundred thousand dollars, it shall pay to the treasurer of state for the use of the state, the sum of fifty dollars; when the amount of the capital stock exceeds five hundred thousand dollars, it shall pay to the treasurer of state for the use of the state ten dollars for each one hundred thousand dollars of the capital stock; and the treasurer's receipt for said sum shall be filed with the secretary of state as a condition precedent, before he shall be authorized to receive said certificate for filing.

—fees to treasurer of State.

NOTE. The regularity of the organization of a corporation cannot be questioned collaterally at the instance of a private litigant, but only by the state by *quo warranto, Taylor* v. *P. K.* & *Y. Street Railway,* 91 *Me.,* 193.

The policy of the statutes throughout is to require a resident clerk and recorded statement of a *bona-fide* clerk's office, authorized to receive process, giving the corporation express power to do business anywhere in the world without designating any place of business out of the state. This right exists without express claim therefor in the certificate or by-laws.

CORPORATE LIFE.

R. S. Ch. 48, Sec. 19. From the time of filing such certificate in the secretary of state's office, the signers of said articles and their successors and assigns shall be a corporation, the same as if incorporated by a special act, with all the rights and powers, and subject to all the duties, obligations and liabilities provided by this chapter and chapter forty-six.

Then to be a corporation.
61 Me., 356.
64 Me., 381.
70 Me., 146.

NOTE. The corporate life is perpetual, subject to the rule of the following section.

R. S. Ch. 1, Sec. 6, Clause 26. (*As amended* 1897, *Ch.* 302). **Limitation.**

* * * * * * The organization of any corporation which may be hereafter organized under any general law of this state becomes null and void within two years from the day when its certificate of incorporation has been filed in the office of the secretary of state, unless such corporation shall have commenced actual business under its organization.

—actual business.

NOTE. Where actual business is so commenced within two years, corporate existence continues until dissolution by decree of court or repeal by special act of the legislature.

Alteration or repeal by legislature.
16 Me., 231.
23 Me., 319.
60 Me., 174.
63 Me., 274.
66 Me., 504.
69 Me., 49.

R. S. Ch. 46, Sec. 23. Acts of incorporation, passed since March seventeen, eighteen hundred and thirty-one, may be amended, altered or repealed by the Legislature, as if express provision therefor were made in them, unless they contain an express limitation; but this section shall not deprive the courts of any power which they have at common law over a corporation or its officers.

NOTE. This section was enacted to avoid the rule of the Dartmouth College case. The right reserved relates only to matters that concern the public.

POWERS.

General powers.

R. S. Ch. 46, Sec. 2. (*As amended* 1893, *Ch.* 180, *Sec.* 1. Corporations may sue and be sued, plead and be impleaded, in their corporate name; have a common seal alterable at pleasure; elect all necessary officers; prescribe their duties and fix their compensation; make by-laws consistent with the laws of the state and their charters; and hold and convey lands and other property. Directors must be and remain stockholders, except that a member of another corporation, which owns stock and has a right to vote thereon, may be a director. (a)

—see R. S., ch. 48, § 2.

(a) 16 Me., 229; 17 Me., 442; 20 Me., 46; 23 Me., 41; 43 Me., 182; 50 Me., 550; 56 Me., 420; 58 Me., 20; 61 Me., 167; 68 Me., 43; 79 Me., 440; 91 Me., 524.

NOTE. The broad power to make by-laws, not inconsistent with the statutes, gives the corporation great elasticity of regulation. Under this general authority, the corporation may adopt the most approved methods of government of its affairs. The power to hold property is unlimited as to amount. It is not necessary to claim this power in the certificate.

Directors may be invested by by-laws with all corporate powers. *Maine M. & M. Ins. Co.* v. *Neal,* 50 *Me.,* 301. Power to mortgage sustained. *Fitch* v. *Lewiston S. M. Co.,* 80 *Me.,* 34.

By-laws.
31 Me., 476, 576.
See, also, R. S., ch. 48, § 17.

R. S. Ch. 46, Sec. 6. Corporations may determine, by their by-laws, the manner of calling and conducting meetings; the number of members that constitute a quorum; the number of votes to be given by shareholders; the tenure of the several officers; the mode of voting by proxy; and of selling shares for neglect to pay assessments; and may enforce such by-laws by

—change of name.
68 Me., 84.

penalties not exceeding twenty dollars. A corporation, at legal meeting of its stockholders, may vote to change its name and adopt a new one; and when the proceedings of such meeting, certified by the clerk thereof, are returned to the office of the secretary of state to be recorded by him, the name shall be deemed changed; and the corporation, under its new name, has the same rights, powers and privileges, and is subject to the same duties, obligations and liabilities as before, and may sue and be sued by its new name; but no action brought against it by its former name shall be defeated on that account, but, on motion of either party, the new name may be substituted therefor in the action.

NOTE. This section is supplementary to the preceding section, not restrictive. A quorum may be made more or less than a majority, cumulative voting allowed, directors classified and other provisions inserted not inconsistent with the mandatory requirements of the statutes.

Contracts.

R. S. Ch. 46, Sec. 21. Corporations are bound by parol contracts made by an agent authorized by vote or by its by-laws. Contracts may be implied from corporate acts, or from the acts of a general agent. (a)

(a) 7 Me., 120; 24 Me., 38, 502; 26 Me., 435; 29 Me., 126.

Do business anywhere.
—offices out of state.
—property out of state.

1901, Ch. 229, Sec. 10. Any corporation of this state may conduct business in other states, territories, or possessions of the United States, or in foreign countries, and have one or more offices out of the state and may hold, purchase, mortgage and convey real estate and personal property out of this state.

NOTE. These powers are conferred upon the corporation without statement therefor in the certificate. The powers as to property out of the state are unlimited.

Stocks and securities of other corporations.
—voting rights.

1901, Ch. 229, Sec. 14. Any corporation organized under chapter forty-eight of the revised statutes may purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bonds, securities or evidences of indebtedness created by any other corporation or corporations of this or any other state, territory or country, and while owner of such stock may exercise all the rights, powers and privileges of ownership, including the right to vote thereon.

NOTE. This statute was enacted to remove a doubt raised by the court in *Franklin Company* vs. *Lewiston Institution for Savings*, 68 Me., 43.

Preferred or other stocks. 1901, Ch. 229, Sec. 11. Every corporation of this state shall have power to create two or more kinds of stock with such classes, with such designations, preferences and voting powers, or restrictions or qualifications thereof, as shall be fixed and determined in the by-laws, or by vote of the stockholders at a meeting duly called for the purpose..

NOTE. There is no restriction upon the amount of preferred stock, its dividends, rights or characteristics. The section authorizes founder's shares, guaranteed stocks or other special stocks. Their respective rights must be carefully provided for in the by-laws. The corporation may organize with common stock and create the special stocks later.

Changes in charter. 1885, Ch. 361. Whenever a corporation shall make a change in its charter or certificate of organization, in any manner for the more convenient transaction of its business, it shall forward a notice of such change to the secretary of state, who shall record the same in a book kept for that purpose, and for making such record the corporation shall pay the secretary of state for his services, five dollars, in advance; said fee not to be within the **—fee.** provisions of section thirty-eight of chapter two of the revised statutes.

NOTE. The reference to R. S. ch. 2, § 38 is only of local interest. It is not necessary to return to the secretary of state changes in any matter governed by the by-laws.

Change of location. 1893, Ch. 182. Any corporation organized under sections sixteen and seventeen of chapter forty-eight of the revised statutes, at a legal meeting of its stockholders, may by a vote representing a majority of the stock issued, change its location from one county to another in this state, and the corporation shall file, by its clerk or other officer, in the registry of deeds in each of said counties, within twenty days after such change of location, **—certificate.** a certificate required by section eleven of chapter forty-six of the revised statutes, as amended by section two of chapter two hundred and sixty-three of the public laws of eighteen hundred and eighty-nine.

NOTE. The term "location" may be defined as the clerk's office where the records of stockholders' meetings must be kept. A fee of $5 must accompany this certificate.

Change of par value. 1901, Ch. 229, Sec. 12. Every corporation organized under chapter forty-eight of the revised statutes may change the par value of its shares at a meeting of the stockholders called for the purpose by a vote representing a majority of the stock issued, and a certificate thereof signed by the president or clerk shall be filed in the office of the secretary of state in the same manner as now provided by law for changes in charter or certificate or organization.

MEETINGS.

Failure to hold annual meeting.
30 Me., 550.
56 Me., 328.

R. S. Ch. 46, Sec. 8. When a corporation fails to hold its annual meeting on the day appointed, the officers of the preceding year continue in the exercise of their duties, and their acts are legal, until other officers are chosen and qualified in their stead. When, upon due notice given, officers are regularly elected on any other day than that of the annual meeting, they shall hold their offices and perform their duties as if chosen on that day, unless a majority of the corporate members file with the clerk, within six months after such election, written objections thereto, and their acts shall be considered legal, until others are chosen and qualified in their stead.

—proviso.

Clerk to call certain meetings.

R. S. Ch. 46, Sec. 9. When such a notice is filed, the clerk shall call a meeting of the corporation, at such time and place as he appoints, and give the notice required for an annual meeting, stating in it the fact that objections have been filed, and the purpose of the meeting; and officers elected at such meeting shall hold their offices, and their acts shall be considered legal, until other officers are chosen and qualified in their stead.

—tenure of officers.

How meetings may be called, if no other legal mode.
12 Me., 400.

R. S. Ch. 46, Sec. 4. When a meeting cannot be otherwise called, three members of the corporation may make written application to a justice of the peace where it is established, if local, or if not, where it is desired to hold the meeting, who may issue his warrant to either of such members, directing him to call a meeting by giving the notice required in the preceding section. When the law requires a notice to be published in some newspaper, or posted in some public place, the justice shall designate in his warrant the newspaper or place.

Who may preside.

R. S. Ch. 46, Sec. 7. When a meeting is called by a justice of the peace, he, or the person to whom his warrant was directed, may call the meeting to order and preside therein, until a clerk is chosen and qualified, if there is no officer present whose duty it is to preside. The person presiding is not responsible for an error in judgment in receiving or rejecting the vote of a person claiming to be a member.

DUTIES OF CLERK.

Clerk to be resident. —office. —records.

R. S. Ch. 46, Sec. 10. (*As amended* 1889, *Ch.* 263, *Sec.* 1). All corporations, existing by virtue of the laws of this state, shall have a clerk who is a resident of this state, and shall keep, at some fixed place within the state, a clerk's office where shall be kept their records and a book showing a true and complete list of all stockholders, their residences and the amount of stock held by each; and such book, or a duly approved copy thereof, shall be competent evidence in any court of this state, to prove who are stockholders in such corporation and the amount of stock held by each stockholder. Such records and stock book shall be open at all reasonable hours to the inspection of persons interested, who may take copies of minutes therefrom of such parts as concern their interests, and have them produced in court on trial of an action in which they are interested. The above provisions as to list of stockholders shall not apply to any corporation doing business in this state and having a treasurer's office at some fixed place in the state where a stock book is kept giving the names, residences and amount of stock of each stockholder.

—inspection. —exceptions.

NOTE. The requirement that corporations not having a treasurer's office in Maine shall keep at the clerk's office a book showing a list of stockholders was enacted in 1889 with a penalty of forfeiture of charter for non-compliance. In 1897 the penal provisions were repealed and the law has since fallen into disuse. When "persons interested" desire such a list, copies furnished by the treasurer would meet the substantial requirements of the statute. The phrase "persons interested" is limited to judgment creditors.

—preventing access to books.

R. S. Ch. 46, Sec. 19. Any officer or member of a corporation, who prevents access to and use of the records and books as provided in section ten, is liable for all damages occasioned thereby, in an action on the case.

Clerk's certificate of election.

R. S. Ch. 46, Sec. 11. (*As amended* 1897, *Ch.* 243). Whenever there is a change in the office of clerk of a corporation, he shall, within twenty days after acceptance of the office, file a certificate of his election in the registry of deeds in the district where the corporation is located, or where it has a place of business or a general agent; and an attested copy of such certificate shall be sufficient evidence that he is clerk, for service of process upon the corporation, until another certificate has been filed.

—evidence.

Resignation of clerk.

1895, Ch. 67, Sec. 3. The clerk of any corporation organized under the laws of this state may resign his office as clerk by filing his resignation with the register of deeds in the county where such corporation was organized, said resignation to take effect from and after the time of the receipt of the same by such register of deeds.

SHARES.

Transfer of shares, how made.
20 Me., 305.
49 Me., 317.
68 Me., 68.

R. S. Ch. 46, Sec. 12. (*As amended* 1893, *Ch.* 200). When the capital of a corporation is divided into shares, and certificates thereof are issued, they may be transferred by endorsement and delivery, but such transfer is not valid, except between the parties thereto, until the same is so entered on the books of the corporation as to exhibit the names and residences of the parties, the number of the shares, and the date of their transfer. Certificates of shares shall be issued to those entitled to them by transfer or otherwise, signed by the president or vice president, and attested by the cashier, clerk or treasurer. Neither shall sign blanks and leave them for use by the other, nor sign them without knowledge of the apparent title of the person to whom they are issued. in case of the absence or disability of either of said officers, the signature of a majority of the directors in his stead is sufficient.

—certificates, how signed.

—not to sign blanks.

NOTE. The rule that the transfer is not valid, except between the parties, until properly entered upon the books of the corporation is modified by Laws of 1897, Ch. 293, *infra,* but see Sec. 3 of that chapter as to right of the corporation to observe only recorded transfers.

Transfer and delivery, good against all parties.

1897, Ch. 293, Sec. 1. The delivery of a certificate of stock of a corporation to a *bona fide* purchaser or pledgee for value, together with a written transfer of the same or a written power of attorney to sell, assign and transfer the same, signed by the owner of the certificate, shall be a sufficient delivery to transfer the title against all parties.

Liabilities of pledgee.

Sec. 2. A pledgee for value, holding a certificate of stock of a corporation for security merely, shall not, while he so holds such stock, be subject to any of the liabilities of a stockholder, unless he appears on the books of the corporation as the absolute owner of such stock.

Corporations bound only by record transfers.

Sec. 3. No transfer shall affect the right of the corporation to pay any dividend due upon the stock, or to treat the holder of record as holder in fact, until such transfer is recorded upon the books of the corporation, or a new certificate is issued to the person to whom it has been so transferred.

Liability of executors and other like holders.

Sec. 4. Persons holding stock as executors, administrators, guardians, or trustees, shall not be personally subject to any liabilities as stockholders; but the estates and funds in their hands shall be liable in like manner and to the same extent as the testator, intestate, ward, or person interested in such trust funds would be if they were respectively living and competent to act and hold the stock in their own names.

Note. Parties receiving stock in representative capacities are now entitled to vote thereon, *virtute officio,* without formal transfer by producing proof of title. It is advisable to affirm this right in the by-laws.

Assessments.

R. S. Ch. 48, Sec. 6. Assessments, not exceeding the amount originally limited for a share, may be made on all the shares, to be paid to the treasurer, in such instalments and at such times as are ordered. If a stockholder neglects to pay such assessments on his shares for thirty days, the treasurer may sell at public auction a sufficient number of them to pay the same with incidental charges.

—sale.

Notice of sale.

R. S. Ch. 48, Sec. 7. The treasurer, before the sale, shall give notice of the time and place thereof, and of the amount due on each share, in a newspaper printed in the town, if any, if not, in the county where the manufactory is established, otherwise in the state paper, three weeks successively; and the treasurer's certificate of the sale of such shares, recorded as other transfers, passes the title to the purchaser.

Note. Sections six and seven, *supra* relate only to right to enforce subscriptions or to levy assessments upon stock assessable under the by-laws and issued as such. No assessments can be made upon shares issued as full-paid and non-assessable.

PROXIES.

Proxies, see R. S., ch. 46, § 6.

—powers of attorney.

R. S. Ch. 46, Sec. 13. Shareholders may be represented by proxies granted not more than thirty days before the meeting which shall be named therein; they are not valid after a final adjournment thereof. They may be represented by a general power of attorney, produced at the meeting, until it is revoked. Shares hypothecated to the corporation shall not be represented. No person can give, by right of representation, a greater number of votes than is allowed to any one by the charter or by-laws.

NOTE. Under this section and R. S. ch. 46, § 6, providing that stockholders may determine by their by-laws "the number of votes to be given by shareholders," stockholders are not necessarily limited to one vote for each share. The limitation of the life of a proxy to thirty days may, when the circumstances will warrant it, be avoided by the use of a general power of attorney.

Representation of mortgaged stock.

R. S. Ch. 46, Sec. 14. After the owner of stock in a corporation has transferred, mortgaged or in any way pledged the same to another for security merely, and it so appears in such transfer, mortgage or pledge, and on the books of the corporation, such owner continues to have the right to vote upon such stock at all meetings of the stockholders until his right of redemption ceases.

DIVIDENDS.

Dividends not to reduce capital.

—penalty.

R. S. Ch. 48, Sec. 8. Dividends of profit may be made by the directors, but the capital or the debts due shall not thereby be reduced, until all debts due from the corporation are paid. Any officer or member, who votes or aids to make a dividend in violation hereof, shall be fined not exceeding two thousand dollars, and imprisoned less than one year; and all sums received for such dividends may be recovered by any creditor of the corporation in an action on the case.

NOTE. This section originally enacted in 1828 has been condensed in the Revised Statutes by omitting the words "to the same" after the words "debts due" in the second line. It should be construed in connection with later statutes, R. S., ch. 46, §§ 46, 47, 48, 51 and 1901, ch. 229, § 11. Properly construed, it provides that dividends may be declared from the net profits in the discretion of the directors, but that no division of capital or assets shall be made to the prejudice of existing creditors. As between the stockholders and directors, the power of the directors to declare dividends from gains is not reviewable, so long as the directors exercise an honest judgment. It is competent for the stockholders to properly regulate the power through their by-laws. The remedy in the above section given to creditors prejudiced by payment of unearned dividends is superseded by the more limited remedy given by R. S. ch. 46, § 47. The rule now prevails that dividends earned may be declared whenever the directors deem it expedient or as the by-laws may prescribe.

RETURNS.

Dividends only to shareholders with residence of record.

R. S. Ch. 46, Sec. 30. Cashiers of banks, and clerks or treasurers of other corporations shall ascertain the residences of all stockholders in either; and no dividend shall be paid to any stockholder, whose residence, for the time being, is not entered on the books thereof; and the cashiers of banks, and clerks or treasurers of all corporations holding property liable to be taxed, shall, by the eighth day of April annually, return under oath, to the assessors of each town, in which any of its stockholders reside, the names of such stockholders, the amount of stock owned by them on the first day of such April, and the amount of stock paid in to such corporations, and such return shall contain in the body thereof, or by note annexed thereto, an abstract of section thirty-two of chapter six; and such returns shall be the basis of taxation on such property.

—returns by corporations holding taxable property in Maine.

NOTE. So far as this section relates to returns to assessors, it is applicable only to corporations holding property liable to be taxed in Maine. It is inserted to make plain the construction of section thirty-one, *infra.*

Returns by cashiers of banks.

R. S. Ch. 46, Sec. 31. (*As amended* 1901, *Ch.* 229, *Sec.* 16). Such cashiers shall, between the first day of November and the eighth day of December, annually, make return to the secretary of state of the names of all stockholders, their residences, the amount of stock owned by each and the whole amount of stock paid in on said first day of November. The secretary shall lay the same before the legislature within the first thirty days of the session.

NOTE. Prior to the act of 1901 the treasurers of all corporations were required to make this return. The duty is now limited to cashiers of banks. No return of list of stockholders, amount paid in, or statement of any kind showing the condition of the company, is now required, except as stated in the certificate of organization. Corporations having no real or personal property within the state cannot be taxed in Maine.

INCREASE OF STOCK.

R. S. Ch. 48, Sec. 20. (*As amended* 1901, *Ch.* 229, *Sec.* 18). If the stockholders of any corporation created by special charter and not charged with the performance of any public duty, or organized under the general laws of the state, find that the amount of its capital stock is insufficient for the purposes for which said corporation is organized, or that the number of directors is inconvenient for the transaction of its business, the stockholders may by a vote representing a majority of the stock issued increase the amount of its capital stock to any amount, and may change the number of their directors in like manner, and the corporation shall file a certificate thereof with the secretary of state within ten days thereafter, and thereupon said vote shall take effect. When the capital stock is increased from ten thousand dollars or less to not exceeding five hundred thousand dollars, the corporation shall pay to the treasurer of state for the use of the state the sum of forty dollars. When the capital stock is increased to any amount exceeding five hundred thousand dollars, it shall pay to the treasurer of state for the use of the state the sum of ten dollars for each one hundred thousand dollars of such increase, and the treasurer's receipt for the same shall be filed with the secretary of state before he shall be authorized to receive any certificate of any increase of capital stock.

May increase stock to any amount.

—increase number of directors.

—majority vote.

—certificate.

—fees.

NOTE. This right may be exercised at any time after filing the original certificate.

DECREASE OF STOCK.

1895, Ch. 67, Sec. 1. If the stockholders of any corporation already organized or that may be hereafter organized under sections sixteen and seventeen of chapter forty-eight of the revised statutes shall desire to decrease the amount of its capital stock, the stockholders at a meeting duly called for the purpose, or at any annual meeting, when notice shall have been given of such proposed action in the call therefor, may by a vote representing a

May decrease stock.

—surrender of certificates.

majority of all the stock issued, decrease the amount of its capital stock to any amount desired, and the corporation shall give notice of such change to the secretary of state within ten days thereafter. And each stockholder shall within three months after such meeting, surrender such a proportion of its stock as the amount of decrease shall bear to the amount of the capital stock before the decrease, so that each stockholder shall have the same proportion of the whole capital stock of the company as before the decrease.

—rights of creditors, on decrease.

Sec. 2. This act shall not affect, or prejudice in any way the rights of creditors of such corporation existing at the time when the reduction of its capital stock authorized under the preceding section shall be consummated.

Capital impaired, stock may be reduced.

R. S. Ch. 46, Sec. 15. Whenever the assets of a corporation have been so diminished by losses or depreciation of property, that its capital stock is impaired, such corporation, at any meeting of the stockholders legally called therefor, with the consent of not less than two thirds in amount of all its outstanding stock expressed at such meeting or at any adjournment thereof, may reduce such stock to the extent of such impairment, and thereupon the par value of all shares issued or to be issued shall be reduced proportionally.

Remedy of dissenting stockholder.

—creditors.

R. S. Ch. 46, Sec. 16. Within thirty days after such reduction, any stockholder who has not agreed thereto, may file a bill in equity in any county in which said corporation has an established place of business, or in which it held its last stockholders' meeting, for a revision of its proceedings in making said reduction, upon which bill such proceedings may be annulled or modified, so that such reduction shall not exceed the actual impairment of capital. The action of the court, or, if no bill is filed as aforesaid, the action of the corporation, as provided in the preceding section, shall be conclusive upon all parties, whether stockholders or creditors, and such reduction shall not create any personal liability of any stockholder or officer thereof.

Copy of proceedings filed with Secretary of State.

R. S. Ch. 46, Sec. 17. The clerk of said corporation shall file with the secretary of state a certified copy of such proceedings, within thirty days after they are taken, or forfeit one thousand dollars, to be recovered by action of debt in favor of any existing or future creditor of such corporation first suing therefor in any court or county in which a transitory action between the same parties can be brought.

Issue of new shares.

R. S. Ch. 46, Sec. 18. Simultaneously with or after such reduction of its stock, such corporation may from time to time authorize the issue of new shares, of the reduced par value, until the gross capital equals the gross capital authorized by its charter or articles of association before such reduction was made, although the new shares should increase the whole issue beyond the number authorized by such charter or articles.

PERSONAL LIABILITY.

Liability defined.
75 Me., 519.
86 Me., 66.

R. S. Ch. 46, Sec. 44. (*As amended* 1885, *Ch.* 359, *Sec.* 10). No stockholder in any corporation, except in banks, has, after February twenty-four, eighteen hundred and seventy-one, been liable for the debts or claims against such corporation beyond any amounts withdrawn or not paid in, as provided in the two following sections; but neither this section nor the four following affect past or future liabilities of any officer of any corporation; nor any liability of any person or corporation or remedy therefor, existing on said twenty-fourth day of February.

NOTE. The references are to the "sections" of the Revised Statutes.

Payment fo stock.
64 Me., 383.
82 Me., 397.
89 Me., 121.

R. S. Ch. 46, Sec. 45. The capital stock subscribed for any corporation is declared to be and stands for the security of all creditors thereof; and no payment upon any subscription to or agreement for the capital stock of any corporation, shall be deemed a payment within the purview of this chapter, unless *bona fide* made in cash, or in some other matter or thing at a *bona fide* and fair valuation thereof.

NOTE. Ownership of stock may be proved by payments therefor although no written subscription is produced, *Barron* v. *Burrill,* 86 *Me.,* 66; the actual taking of shares directly from a corporation is equivalent to a subscription for or an agreement to take them, *Barron* v. *Burrill,* 86 *Me., 72.*

In *Libby* v. *Tobey,* 82 *Me.,* 397, decided Feb. 21, 1890, the court held that payment for stock in anything except money will not be regarded as a payment except to the extent of the true value of the property received in lieu of money. In Cook on Stock and Stockholders, Dill on "New Jersey Corporations," and the corporation literature distributed by the state of New Jersey, this case has been criticized as making Maine an unsafe home for corporations. To set the question at rest, the legislature of 1901 enacted the New Jersey rule, as amended by Delaware, making the judgment of the directors, in the absence of actual fraud, conclusive upon the issue of value. See *infra.* With the limitations of R. S. ch. 46, § 47, *infra,* personal liability in Maine has always been less than in New Jersey. See note at end of that section. In the future the advantage will be greater. In both states fraud will impose liability. In Maine, through the limitations of R. S. ch. 46, § 47, the liability ceases sooner that in New Jersey and never runs upon a debt secured by mortgage.

May issue stock for property or services.

—full paid.

—if no actual fraud, judgment of directors conclusive.

1901, Ch. 229, Sec. 13. Any corporation of this state may purchase mines, manufactories and other property necessary for its business, and the stock of any company or companies owning, mining, manufacturing or producing materials or other property necessary for its business, and issue stock to the amount of the value thereof in payment therefor, and may likewise issue stock for services rendered to such corporation and the stock so issued shall be full paid stock and not liable to any further call or payment thereon; and in the absence of actual fraud in the transaction, the judgment of the directors as to the value of the property purchased, or services rendered, shall be conclusive.

NOTE. When stock is issued for property purchased or services rendered it is not necessary to put anything on the face of the certificate to indicate the fact.

Withdrawal, directly or indirectly, of capital stock.
64 Me., 382.

R. S. Ch. 46, Sec. 46. No dividend declared by any corporation from its capital stock or in violation of law, no withdrawal of any portion of such stock, directly or indirectly, no cancellation or surrender of any stock, and no transfer thereof in any form to the corporation which issued it, is valid as against any person who has a lawful and *bona fide* judgment against said corporation, based upon any claim in tort or contract or for any penalty, or as against any receivers, trustees or other persons appointed to close up the affairs of an insolvent corporation.

Proceedings to enforce liability.
64 Me., 383.
78 Me., 176.
82 Me., 397.
82 Me., 504.
83 Me., 312.
86 Me., 66.
86 Me., 72.
91 Me., 153.
93 Me., 151.

R. S. Ch. 46, Sec. 47. Any person having such judgment, or any such trustees, receivers or other persons appointed to close up the affairs of an insolvent corporation, may, within two years after their right of action herein given accrues, commence an action on the case or bill in equity, without demand or other previous formalities, against any persons (if a bill in equity, jointly or severally, otherwise severally) who have subscribed for or agreed to take stock in said corporation and have not paid for the same; or who have received dividends declared from the capital stock, or in violation of law; or who have withdrawn any portion of the capital stock, or cancelled and surrendered any of their stock, and received any valuable consideration therefor from the corporation, except its own stock or obligation therefor; or who have transferred any of their stock to the corporation as collateral security or otherwise, and received any valuable consideration therefor as aforesaid; and in such action they may recover the amount of the capital stock so remaining unpaid or withdrawn, not exceeding the amounts of said judgments or the deficiency of the assets of such insolvent corporation. But no stockholder is liable for the debts of the corporation not concontracted during his ownership of such unpaid stock, nor for any mortgage debt of said corporation; and no action for the recovery of the amounts hereinbefore mentioned shall be maintained against a stockholder unless proceedings to obtain judgment against the corporation are commenced during the ownership of such stock, or within one year after its transfer by such stockholder is recorded on the corporation books.

—who liable.

Exceptions and limitations.

NOTE. This section is to be strictly construed; see *Libby* v. *Tobey,* 82 *Me.,* 397, so deciding and holding that a transferee buying in the open market is not liable although with full knowledge that stock is not full paid.

The criticisms of the Maine rule have overlooked the fact that no stockholder is liable under any circumstances for any mortgage debt, thus exempting bonded indebtedness, when so secured. In all other states, when the liability exists, no distinction is made between secured and unsecured creditors.

No liability attaches in Maine unless the debt was contracted during the ownership of the stock and ceases unless suit is brought during such ownership or within one year after duly recorded transfer.

The liability to the corporation upon the subscription is contractual and follows the general statute of limitations. For this reason it is customary to make all subscriptions at the minimum amount requisite for organization, and to issue the remainder of the stock for property, services or by sale, leaving as the only liability for the first taker the contingencies of the above section with its strict limitations.

R. S. Ch. 46, Sec. 48. A defendant in such suit may prove that he has already in good faith paid, by himself or through another person who has assumed his stock or subscription, to any person holding a *bona fide* judgment, or to any such trustees or receiver, or other person authorized to receive it, or to the cor-

Proof by defendants.
84 Me., 72.

poration itself, the whole or any part of any amounts for which he would be liable under this chapter; or that he has already in good faith and without collusion been sued for, and is still in peril of being compelled to pay, such amounts in whole or in part, to some other person, in which latter case the suit may be continued to await, on payment of defendant's costs from term to term; or he may prove that the amounts illegally received by him from said corporation were received more than two years before the claim arose on which judgment was obtained, or if the suit is by trustees, receivers or other such person, more than two years before the commencement of the legal proceeding by virtue of which such corporation passed into the hands of trustees or receivers; or he may prove the invalidity of such judgment in any particular which could avail the corporation on a writ of error, or that said judgment was not *bona fide;* or he may prove that he has *bona fide* claims in contract or tort, several, or joint with other persons, against said corporation, absolute or contingent, or which could be availed of by set-off in court or on execution, for the whole or any part of the amounts for which he would be liable under this chapter; or in case his stock was transferred to such corporation as collateral security or as payment, he may either prove that the same was so transferred in good faith as security or payment for, or of, an anterior liability incurred without any concurrent agreement for the transfer of such stock, and for which the corporation was unable to obtain other sufficient security or payment, or in such case he may prove that whatever sum was received thereon, has been in whole or part repaid to such corporation; and proof of any such matters is a full or partial defence for such defendant.

Not to divide capital. 59 Me., 474.

R. S. Ch. 46, Sec. 51. Corporations, not created for literary, benevolent, or banking purposes, shall not so divide any of their corporate property at to reduce their stock below its par value, until all debts are paid, and then only for the purpose of closing their concerns.

Remedy.

R. S. Ch. 46, Sec. 52. When such a corporation has unlawfully made a division of any of its property, or has property which cannot be attached, or is not by law attachable, any judgment creditor may file a bill in equity in the supreme judicial court, setting forth the facts, and the names of such persons as are alleged to have possession of any such property, or choses in action, either before or after division; names of defendants may be struck out or added by leave of court; costs awarded at discretion, and service made on the defendants named, as in other equity suits. They shall, in answer thereto, disclose on oath all facts within their knowledge relating to such property in their hands, or received by a division among stockholders. When either of them has the custody of the records of the corporation, he shall produce them and make extracts therefrom and annex them to his answer, as the court directs.

Procedure.

Sec. 53. The court shall determine, with or without a jury, whether the allegations in the bill are sustained, and it may decree that any such property shall be paid to such creditor in satisfaction of his judgment, and cause such decree to be enforced as in other chancery cases. Any question arising may, at the election of either party, be submitted to the decision of a jury under the direction of the court.

SEIZURES ON EXECUTION.

Property liable for debts.

R. S. Ch. 46, Sec. 20. The property of any corporation, and the franchise of one having a right to receive a toll established by the state, with its privileges and immunities, are liable to attachment on mesne process and levy on execution for debts of the corporation, in the manner prescribed by law.

Officer may sell real estate.

R. S. Ch. 46, Sec. 50. When an officer, having an execution against a corporation not created for purposes of education or religion, certifies thereon that he is unable to find personal property of the corporation, the creditor may cause so much of its real estate to be seized and sold at public auction, in the town where it lies, in the manner provided for the sale of real estate of banks, and subject to the same right of redemption, as is necessary to satisfy such execution and incidental charges.

Duties of agent.

R. S. Ch. 48, Sec. 9. Every agent or person having charge of corporate property, shall, on request, furnish to any officer having a writ or execution against the corporation for service, the names of the directors and clerk, and a schedule of all property, including debts known by him to belong to the corporation.

Officer may levy upon debts.

R. S. Ch. 48, Sec. 10. An officer, having an execution against such a corporation and unable to find property liable to seizure, or the creditor, may elect to satisfy it, in whole or in part, by a debt due to the corporation not exceeding the amount due to the creditor, and the person having custody of the evidence of such debt shall deliver it to such officer with a written transfer thereof to him for the use of the creditor, which shall constitute an assignment thereof, and the creditor, in the name of the corporation, may sue for and collect it, subject to any equitable set-off by the debtor.

Penalty for obstructing.

R. S. Ch. 48, Sec. 11. Any officer or other person, who unnecessarily neglects or refuses to comply with the two preceding sections, forfeits not exceeding four times the amount due on such execution, and may be imprisoned less than one year.

Production of books.

R. S. Ch. 48, Sec. 12. When a suit or prosecution is pending for a violation of any provision hereof, the clerk or person having custody of the books of the corporation, shall, upon reasonable written notice, produce them on trial; and for neglect or refusal to do so, he is liable to the same fine or imprisonment as the party on trial would be.

RIGHTS OF MINORITY STOCKHOLDERS.

Stockholders must consent to sale of franchises.

1891, Ch. 84, Sec. 1. No corporation shall sell, lease or in any manner part with its franchises except with the consent of its stockholders at an annual or special meeting, the call for which shall give notice of the subject matter of the proposed sale, lease or consolidation. All such sales, leases and consolidations shall be subject to the provisions of this act, and to the prior liens of stockholders as herein defined.

Dissent, how made and filed.

Sec. 2. If any stockholder in any corporation, which shall vote to sell, lease or consolidate its franchises shall vote in the negative and shall file his written dissent therefrom with the president, clerk or treasurer of such corporation within one month from the day of such vote, the corpohation in which he is a stockholder may within one month after such dissent is so filed, enter a petition with the supreme judicial court, sitting in equity, in the county where it held its

—petition in equity.

last annual meeting, in term time or in vacation, setting forth in substance the material facts of the transaction, the action of the corporations thereon, the names and residence of all dissenting stockholders whose dissents were so filed, making such dissenting stockholders parties thereto, and praying that the value of the shares of such dissenting stockholders may be determined, and for other appropriate relief.

Procedure. Sec. 3. If any such corporation shall fail to enter such petition as aforesaid, any stockholder dissenting as aforesaid may within one month thereafter enter such petition and prosecute the same, making such corporation party defendant. In either case the court shall fix the time of hearing and shall order notice thereof to all parties interested, by publication in some newspaper or newspapers at least two weeks successively, and such personal service as is required upon bills in equity.

Hearing. Sec. 4. The court, or any justice thereof in term time or in vacation, shall hear the parties and determine as soon as practicable the value of the stock of such dissenting stockholders; and shall make and enforce all such orders and decrees as may be necessary to secure to such stockholders all their rights. Such corporations shall, notwithstanding any appeal as hereinafter authorized, forthwith deposit the amount so awarded, in some bank or trust company designated by the court, to be by it held until final judgment, and paid to the parties as thereafterwards ordered by the court directing such deposit. Upon such deposit and upon compliance with final judgment as hereinafter ordered, the shares of such stockholders shall become the property of such corporation, and the court may make and enforce such orders as may be necessary to secure its title thereto.

Appeals. Sec. 5. Within thirty days after filing the decree determining such values, as aforesaid, either party may enter an appeal therefrom, to be heard at the next term of the supreme judicial court in the county where such petition is pending. The issue may thereupon, at the request of any party thereto, be submitted to a jury. If upon such trial the amount of such award is increased, the stockholder shall have judgment and execution against the petitioning corporation or corporation defending, for such increase with interest and costs; and if not increased, such corporation may withdraw from said deposit, the amount of the decrease with interest and costs. During the pendency of such appeal, the appellant shall have a lien upon all the property of the corporation interested in such sale or lease, or consolidation, for thirty days after judgment on appeal. Such lien shall have precedence over any mortgages or leases made after any vote of sale, lease or consolidation. All such liens may be released upon filing with the court, a bond in such amount and with such sureties as the court may approve. Two or more stockholders may join in the same appeal.

Waiver.

Sec. 6. Any stockholder failing to file his dissent as required in section two shall be deemed to have assented to such vote. If it appears that any stockholder is legally incapacitated from giving such assent or waiver, the court shall appoint suitable guardians or representatives for such persons, and the case shall then be heard and determined as if such stockholders had filed their dissent as required by section two. Provided, however, that, if the proceedings authorized by this act are not had, then as against any stockholder who is a minor, or otherwise illegally incapacitated, and who has no guardian, the period of one month in which to file the written dissents aforesaid shall not begin to run until the removal of the incapacity, by the appointment of a guardian or otherwise and actual notice of the vote of sale, lease or consolidation.

Deposit of shares.

Sec. 7. Every stockholder appearing in answer to, or filing any petition, by himself, guardian or other legal representative, shall simultaneously therewith, or within such time as the court may allow, deposit in court his certificate of shares duly endorsed to the corporation of which he is a shareholder, or some other sufficient transfer thereof, which shall there remain subject to the order of the court. All attachments and transfers of such shares shall be subject to the final decrees in such proceeding; and any such attaching creditor or transferee shall be allowed to become a party to the proceedings to protect his interests; and if such person, so claiming under such transfer or attachment, omits or fails to intervene in such proceedings, his omission as a party shall not bar or impair the proceedings.

Liens. Sec. 8. If none of the corporations interested in such petition shall pay or deposit the amount as herein ascertained and decreed, with interest thereon, within such time as the court shall order, any stockholder, entitled to such amount, may at his option take judgment and execution therefor, with interest and costs, against such corporation or withdraw his stock aforesaid; and after such withdrawal or if said execution is returned unsatisfied within thirty days after judgment, the owner of such shares shall retain all the rights of a dissenting stockholder as though no proceedings had taken place. All stockholders entitled to a remedy hereunder, shall have a lien upon the property of the corporations in which they are stockholders which shall take precedence of all mortgages or leases, of any kind made after any vote of sale, lease or consolidation. Such liens may be released as provided in section five.

Powers of court. Sec. 9. The supreme judicial court, or any justice thereof, may in term time or vacation hear and determine said petitions, and make all orders for giving notice to non-resident parties, and taking action with reference to them, for the enforcement of the rights of any party to the proceeding, for the consolidation of two or more petitions, for the payment of interest on the adjudged value of the shares, for the payment of dividends pending the proceedings, for interest upon the deposit aforesaid, for the distribution of costs between the parties and for enforcing its orders and decrees, as are consistent with the principles of equity practice, and as the convenient and speedy settlement of the controversy may require.

New petitions. Sec. 10. If any petition shall fail for any matter of form, any party interested therein may file a new petition within two months thereafter. No petition shall be abated by the death of any party, but may thereupon be summarily revived by suggestion and amendment.

Excepted cases. Sec. 11. This act shall not apply to nor affect any pending action at law or in equity or cause of action, legal or equitable, heretofore accrued, nor any special acts relating to the rights of minority stockholders in any particular corporations enacted heretofore or by the present legislature, nor to any mortgage legally made.

Effect of proceedings in another state.

Sec. 12. In the event either of the corporations interested has consolidated its stock with corporations created by any other state or states, or the stock therein is held by virtue of concurrent legislation of one or more states, and proceedings have been commenced for valuing the stock and paying the value thereof in any state having jurisdiction, such proceedings shall, while pending, be a bar to any under this statute; but if such proceedings in any other state shall fail for any reason not touching the merits, a petition may be filed as herein provided, within two months thereafter.

DISSOLUTION.

Exist for three years. 55 Me., 293.

R. S. Ch. 46, Sec. 24. Corporations, whose charters expire or are otherwise terminated, have a corporate existence for three years thereafter; to prosecute and defend suits; to settle and close their concerns; to dispose of their property; and to divide their capitals.

Trustees. 60 Me., 173.

R. S. Ch. 46, Sec. 25. When the charter of a corporation expires or is terminated, a creditor or stockholder may apply to the supreme judicial court, which may appoint one or more trustees to take charge of its estate and effects, with power to collect its debts, and prosecute and defend suits at law; and to sell and convey its real estate; and if sold at auction, the same notice shall be given as in the sale of lands of corporations on execution. The court has jurisdiction in equity of all proceedings therein, and may make such orders and decrees, and issue such injunctions as are necessary.

Trustees to pay debts. 60 Me., 173.

R. S. Ch. 46, Sec. 26. The debts of the corporation shall be paid in full by such trustees, when the funds are sufficient; when not, ratably to those creditors, who prove their debts, as the law provides, or as the court directs. Any balance remaining shall be distributed among the stockholders or their legal representatives in proportion to their interests.

Bill in equity for dissolution.

R. S. Ch. 46, Sec. 27. Except where otherwise provided by statute, whenever at any meeting of its stockholders, legally called therefor, such stockholders vote to dissolve such corporation, a bill in equity against the same, for dissolution thereof, may be filed by any officer, stockholder or creditor in the supreme judicial court, in the county in which it has an established place of business, or in which it held its last stockholders' meeting, upon which bill such notice shall be given as may be ordered by any justice of said court, in term time or vacation, upon proof of which notice, such proceedings may be had according to the usual course of suits in equity, that said corporation shall be dissolved and terminated. Upon proof that there are no existing liabilities against said corporation, and no existing assets thereof requiring distribution among the stockholders, said court may dissolve said corporation without the appointment of trustees or receivers.

Jurisdiction of court.

R. S. Ch. 46, Sec. 28. Said court has jurisdiction in said cause to appoint receivers, issue injunctions, and pass interlocutory decrees and orders, according to the usual course of proceedings in equity; and shall, moreover, upon dissolving said corporation, or upon terminating its charter, appoint one or more trustees, who shall have all the powers conferred upon similar trustees by sections twenty-four, twenty-five, twenty-six and forty-seven, or by any other law of the state, with such special powers as may be given them by said court. But, notwithstanding the appointment of such trustees, said court may superintend the collection and distribution of the assets of said corporation, and may retain said bill for that purpose.

Liability.

R. S. Ch. 46, Sec. 29. Nothing in the two preceding sections relieves any officer, shareholder or other person from any liability, except as provided therein.

Copy of decree with Secretary of State.

1901, Ch. 229, Sec. 15. A copy of every decree or judgment dissolving a corporation or forfeiting its charter shall be forthwith filed by the clerk of the court in the office of the secretary of state, and there recorded.

Title to property on dissolution.

R. S. Ch. 46, Sec. 54. When a corporation is dissolved, its real and personal estate is vested in the persons who were at the time shareholders, as tenants in common according to their interests.

CEASING TO TRANSACT BUSINESS.

Excused from annual returns.

R. S. Ch. 46, Sec. 36. The attorney general, upon application by any corporation, and satisfactory proof that it has ceased to transact business, shall file a certificate of the fact with the secretary of state, and on payment of a reasonable compensation for his services, shall give a duplicate certificate to the corporation; and thereupon such corporation shall be excused from filing annual returns with the secretary of state, as now required by law, so long as its franchises remain unused.

NOTE. The fee of the attorney general is five dollars.

ANNUAL FRANCHISE TAX.

Corporations liable.

1901, Ch. 229, Sec. 1. Every corporation incorporated under the laws of this state, excepting religious, charitable, educational and benevolent corporations, and excepting such corporations as may be organized under chapter fifty-five of the revised statutes, and such corporations as are liable to a franchise tax under some other law of this state, and such corporations as have been or may hereafter be excused from filing annual returns under the provisions of section thirty-six of chapter forty-six of the revised statutes, so long as its franchises remain unused, shall, on or before the first day of June, annually, file in the office of the secretary of state, a return signed by its president or treasurer, verified under oath, containing the names of its directors, president, treasurer and clerk, with the residence of each, the location of its principal office in this state, and the amount of its authorized capital stock; and for this purpose the secretary of state shall furnish blanks in proper form and safely keep in his office all such returns. Every corporation failing to comply with the provisions of this section shall forfeit to the state two hundred dollars to be recovered with costs, in an action of debt to be prosecuted in the name of the state by the attorney general.

Return.

—penalty.

Delinquents.

Sec. 2. It shall be the duty of the secretary of state, on or before the first day of July, annually, to furnish the attorney general with a statement showing which of said corporations, if any, have failed to comply with section one hereof, with such other memoranda from his office as will aid the attorney general in obtaining service upon such delinquent corporation. The attorney general shall promptly prosecute such delinquent corporations and make itemized return thereof in his annual report.

Rates. Sec. 3. Every corporation incorporated under the laws of this state, except such as are excepted by section one of this act, shall pay an annual franchise tax of five dollars, provided the authorized capital of said corporation does not exceed fifty thousand dollars, of ten dollars, provided said authorized capital stock exceeds fifty thousand dollars, and does not exceed two hundred thousand dollars, of twenty-five dollars, provided said authorized capital exceeds two hundred thousand dollars, and does not exceed five hundred thousand dollars, of fifty dollars, provided said authorized capital exceeds five hundred thousand dollars, and does not exceed one million dollars, and the further sum of twenty-five dollars per annum per one million dollars, or any part thereof, in excess of one million dollars.

Assessment. Sec. 4. The state board of assessors shall, on or before the first day of July, annually, assess the annual franchise tax provided for by section three of this act upon the authorized capital stock of each of said corporations and shall certify and report the same to the secretary of state, who shall thereupon notify each of said corporations of the amount of said tax assessed to it, and such tax shall be come due and payable from said corporation into the state treasury, on the first day of September thereafter.

Action of debt. Sec. 5. Such tax shall be a debt due from such corporation to the state, for which an action of debt may be maintained after the same shall have been in arrears for the period of one month; such tax shall also be a preferred debt in case of insolvency under the laws of this state, or in any process of liquidation in its courts.

Forfeiture of charter. Sec. 6. If any corporation liable to taxation under this act shall for one year neglect or refuse to pay to the state any tax or penalty assessed against it under this act, its charter shall be liable to forfeiture as hereinafter provided.

Procedure to forfeit.

Sec. 7. It shall be the duty of the state treasurer, whenever any tax due under this act from any company shall have remained in arrears for a period of six months after the same shall have become payable to report the same to the attorney general, who shall forthwith apply to the supreme judicial court in equity in the name of the state, for the forfeiture of the charter of such delinquent corporation, and said court shall order such notice to all parties interested as it may deem proper and shall have jurisdiction in said cause to appoint receivers, issue injunctions and pass interlocutory decrees and orders according to the usual course of proceedings in equity, and to make such final orders and decrees as the nature of the case may require.

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Excused from tax.

Sec. 19. Any corporation whose duty it is to make the return provided by section one of this act shall, upon complying with section thirty-six of chapter forty-six of the revised statutes, be excused from making such returns so long as its franchises remain unused.

ADDENDA.

The statutory code, as above revised and re-arranged, is simple. The following powers, not expressly given, are implied.

1. The articles of association may be waived by unanimous consent.
2. The amount of capital stock permitted is unlimited.
3. Nothing need be paid in.
4. The existence of the corporation is perpetual.
5. The organization certificate should state only the corporate purposes. All powers necessary to accomplish such purposes are implied.
6. May hold real and personal estate to any amount.
7. May have offices out of the state.
8. Directors may hold meetings out of the state and keep their own records.
9. Stock and transfer books, and all books, except the record of stockholders' meetings, may be kept out the state.
10. May merge or consolidate with other corporations by sale or lease.
11. May issue bonds in any amount.
12. No business statements or returns of any kind required, except list of officers and statement of gross amount of capital stock authorized.
13. Absolute freedom from publicity.

SPECIAL ADVANTAGES OVER NEW JERSEY PRACTICE.

1. No resident director.
2. Stock and transfer books kept out of state.
3. Nothing need be paid in.
4. Need not enumerate powers.
5. May do business anywhere in the world, keep offices out of the state and hold property anywhere, without special statement therefor in certificate or by-laws.
6. Characteristics and features of preferred, or other special stocks, at discretion of stockholders.
7. No certificate required of payment of capital.
8. Changes in amount of stock, par value, creation of preferred stock, and like matters, by majority vote instead of two-thirds.
9. Less personal liability.

Substantially the same advantages over the laws of Delaware. The state and the stockholders are well protected through the statutory requirements as to clerk's office, stockholders' meetings and records, and the certainty that the court with its full equity powers, can and will effectually exercise its powers, when invoked. While the laws are favorable to the use of corporate capital, they are by no means lax. Holders of stock have a constant and effective protection.

SCHEDULE OF FEES.

ORGANIZATION.

Attorney General	$5 00
Register of Deeds, according to length, about........	5 00
Secretary of State................................	5 00
Treasurer of State, capital $10,000 or less............	10 00
Treasurer of State, capital $500,000, or exceeding $10,000	50 00
Treasurer of State, each $100,000, exceeding $500,000,	10 00

INCREASE OF STOCK.

Secretary of State................................	$5 00
Treasurer of State, same rates as on organization.	

SECRETARY OF STATE.

A uniform fee of $5.00 for certificates of any kind such as change of name, change of par value, decrease of stock, etc.

CEASING TO TRANSACT BUSINESS.

Attorney General	$5 00

ANNUAL FRANCHISE TAXES.

Payable to the State Treasurer.

Computed on Stock Authorized.

Capital $50,000 or less............................	$5 00
Capital exceeds $50,000, does not exceed $200,000....	10 00
Capital exceeds $200,000, does not exceed $500,000...	25 00
Capital exceeds $500,000, does not exceed $1,000,000..	50 00
Each additional million, or fractional part...........	25 00

MINUTES

OF

FIRST MEETING

OF THE

COMPANY.

ARTICLES OF ASSOCIATION.

R. S., ch. 48, § 16.

We, the undersigned, hereby associate ourselves together for the formation of a proposed corporation under the laws of Maine to be called................................Company for the following purposes:

—for exceptions, see R. S., ch. 48, § 16.

[*State purposes clearly and fully.*]

[*Do not state corporate powers.*]

—1901, ch. 229, § 9.

—waiver.

And we do hereby waive all the requirements of the statutes of Maine as to the notice of first meeting for organization and hereby fix the day of , 19 , at o'clock in the noon, and the office of Heath & Andrews in Augusta, Maine, as the time and place of such first meeting, and, further we hereby consent to the transaction of such business as may come before said meeting or any legal adjournment thereof.

Dated , 19 .

R. S., ch. 48, § 16.

—must be at least three.

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NOTE. Leave all dates blank.
State corporate purposes fully. Unnecessary to state corporate powers.
See note at end of by-laws *infra*.

Under the authority of the foregoing articles of association, the signers thereof met at the office of Heath & Andrews, in Augusta, Maine, on the day of , 19 , at o'clock in the noon, for the purpose of organization.

There were present in person or by power of attorney on file:

R. S., ch. 46, § 5.

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—unanimous consent, meeting legal otherwise, notice required.

being all of the signers of the articles of association aforesaid.

Mr. called the meeting to order and on motion therefor Mr. was made Temporary Chairman.

On motion therefor Mr. .... was made Temporary Clerk and duly sworn as follows:

—clerk must be resident of Maine.

State of Maine,
Kennebec ss: , A. D. 19 .

Personally appeared......................and made oath that he would faithfully and impartially perform the duties devolving upon him as Temporary Clerk of.................. ....Company.

R. S., ch. 48, § 2.
—clerk must be sworn.

Before me,

.............................,

Justice of the Peace.

On motion therefor the following votes were unanimously adopted:

Voted, That we proceed to organize as a corporation under the laws of Maine.

R. S., ch. 48, § 17.
—organize.

Voted, That the corporate purposes as stated in the Articles of Association be the corporate purposes of the Company.

R.S., ch. 48, § 17.
—define corporate purposes.

The Chairman presented a form of By-laws for the regulation and government of the affairs of the Company, which were read article by article and unanimously adopted, and the same were ordered, to be inserted at length in the record, as follows:

R. S., ch. 48, § 2.
—by-laws.

BY-LAWS
OF THE

COMPANY.

ARTICLE I.

Name, Location, Corporate Seal.

R. S., ch.48, § 17. —name.

Sec. 1. The name of the corporation is

R. S., ch.48, § 18. —location.

1901, ch. 229, § 10. —offices out of state.

Sec. 2. The location and principal office shall be at the office of Heath & Andrews in Augusta, Maine. The Company may also have an office in the City of , and State of , and also offices at such other places as the Board of Directors may appoint or the business of the Company may require.

R.S., ch.48, § 17. —seal.

Sec. 3. The corporate seal of the Company shall have inscribed thereon the name of the corporation, the year of its creation and the words "Corporate Seal, Maine."

ARTICLE II.

Capital Stock.

R.S., ch.48, § 17. —stock.

The capital stock of the company shall be dollars, to be divided into shares of the par value of dollars, to be known as Common Stock.

ARTICLE III.

Stockholders' Meetings.

Place.

Sec. 1. All meetings of stockholders shall be held within the State of Maine at the principal office of the Company in Augusta, Maine.

R. S., ch. 46, § 6. —may establish any

Sec. 2. A majority in amount of the stock issued and outstanding, legally represented, shall constitute a quorum for the transaction of any business, excepting, that in the absence of a quorum, a lesser number shall have the right to adjourn a meeting to a fixed date thereafter or otherwise.

fractional part as quorum.

Sec. 3. At all meetings shareholders may vote in person, by proxy in writing or by general power of attorney produced at the meeting. Such powers of attorney shall be good until revoked. No proxy shall be voted upon when granted more than thirty days before the meeting which shall be named therein and shall not be valid after a final adjournment thereof.

R. S., ch. 46, § 6, 13.
—mode of voting.
—proxies.

Sec. 4. Every person holding stock in any representative or fiduciary capacity may represent the same at all meetings of the corporation and may vote thereon as a stockholder; and every person, who shall transfer, mortgage or in any way pledge his stock to another for security merely, and it so appears in such transfer, mortgage or pledge and on the books of the corporation, shall have the right to vote upon such stock at all meetings of the corporation until his right of redemption ceases, but if such stockholder in the transfer to the pledgee on the books of the corporation shall have expressly empowered the pledgee to vote thereon then only the pledgee, or his proxy or attorney, may represent said stock and vote thereon.

R.S., ch. 46, § 14.
—pledgees.

Sec. 5. Shares of stock of this corporation belonging or hypothecated to said corporation shall not be voted upon directly or indirectly. Any corporation holding stock in this Company, may vote thereon through any person regularly empowered so to do.

R.S., ch. 46, § 13.
—shares belonging to company.
1901, ch. 229, § 14.
—shares in other companies.

Sec. 6. Every stockholder shall furnish the Treasurer with an address at which notice of meetings and all other notices may be served upon or mailed to him and in default thereof notice shall be addressed to him at the office of the Company in Augusta, Maine.

Address to be furnished.

Sec. 7. The annual meeting of the stockholders, after the year 19 , shall be held on the day of in each year, at the principal office of the Company in Augusta, Maine, at o'clock, M., when they shall elect, by a majority vote, by ballot, a Board of Directors and Clerk and transact such other business as may legally come before the meeting. Each stockholder, in person, by proxy or by general power of attorney, shall be entitled to one vote for each share of

Must designate some place certain in Maine.

—election may be by plurality of vote.

—may be by cumulative voting.

stock standing in his or her name on the day preceding such election exclusive of the day of such election. The transfer books shall be closed for said days.

Notice, how given.

Sec. 8. Notice of the annual meeting shall be mailed by the Secretary of the Board of Directors to each stockholder at his address as provided by section six of this Article, at least days prior to the meeting.

Special meetings, how ordered.

Sec. 9. Special meetings of the stockholders, to be held at the Company's principal office in Augusta, Maine, may be held at any time on the request of the President, or on the request in writing or by vote of a majority of the Board of Directors, or on demand in writing by stockholders of record owning in amount of the capital stock of the Company issued and outstanding.

Notice, how given.

Sec. 10. Notice of each special meeting shall be mailed by the Secretary of the Board of Directors to each stockholder at his address as provided by section six of this Article, at least days prior to the date of such meeting, stating therein briefly the object of the meeting and the business to be there transacted, and no other business shall be transacted at such meeting.

Order of business.

Sec. 11. At all meetings of the stockholders the following order of business shall be substantially observed, as far as consistent with the purposes of the meeting, viz:

1. Proof of notice of the meeting.
2. Report as to quorum.
3. Reading minutes preceding meeting.
4. Report of President.
5. Report of Treasurer.
6. Reports of Committees.
7. Election of Directors.
8. Election of Clerk.
9. Unfinished Business.
10. New Business.

The order of business may be changed by vote of the majority in interest present.

Sec. 12. A full and complete list of the stockholders of the Company entitled to vote at any annual or special meeting, with the number of shares held by each, shall be prepared by the

Secretary of the Board of Directors and filed at least days before such meeting with the Clerk at the principal office of the Company in Augusta, Maine, and shall at all times during the usual hours of business in said period be open to the examination of any stockholder.

NOTE. This list should be made up upon the day of closing the transfer books.

ARTICLE IV.

DIRECTORS.

Number. R. S., ch. 48, § 2.—directors to be stockholders.—increase.

Sec. 1. The property and business of the corporation shall be managed by a Board of Directors in number, who shall at all times be *bona fide* stockholders. They shall hold office for one year and until others are elected and qualified. The number of directors may be increased or decreased by an amendment of this section.

Powers of directors may be enlarged or limited as stockholders may determine in by-laws.

Sec. 2. The Board of Directors shall have the control and management of the business of the Company, and in addition to the powers and authorities by these By-Laws expressly conferred upon them, may exercise all such powers and do all such acts and things, as may be exercised or done by the Corporation, but subject, nevertheless, to the provisions of the Statutes and of these By-Laws, and to any regulations from time to time made by the stockholders, provided that no regulations so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Express powers.

Sec. 3. Without prejudice to the general powers conferred by the last preceding section and the other powers conferred by these By-Laws, it is hereby expressly declared that the Board of Directors shall have the following powers, that is to say:

1. To purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire, at such prices and on such terms and conditions and for such consideration as they think fit.

2. At their discretion to pay for any property or rights acquired by the Company, either wholly or partially, in money or in stocks, bonds, debentures or other securities of the Company.

3. To appoint and at their discretion remove or suspend such managers, officers, subordinate, assistant or otherwise, and

clerks, agents and servants, permanently or temporarily, as they may from time to time think fit and to determine their duties and fix, and from time to time change, their salaries or compensation, and to require security in such instances and in such amount as they think fit.

4. To confer by resolution, upon any officer of the Company, the right to choose, remove or suspend such subordinate officers, agents or factors.

5. To appoint any person, or persons, to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purpose, and to execute and do all such duties and things as may be requisite in relation to any such trust.

6. To determine who shall be authorized to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, checks, releases, contracts and documents.

7. From time to time to provide for the management of the affairs of the Company at home or abroad in such manner as they think fit, and in particular, from time to time, to delegate any of the powers of the Board of Directors to any committee, officer or agent, and to appoint any persons to be the agents of the Company with such powers (including the power to subdelegate) and upon such terms as may be thought fit.

Act as a board. Sec. 4. The Directors shall act only as a Board and the individual Directors shall have no power as such.

Statements. Sec. 5. They shall present at each annual meeting, and when called for by the stockholders at any special meeting of the stockholders, a full and clear statement of the business and conditions of the Company.

ARTICLE V.

MEETINGS OF DIRECTORS.

Quorum. Sec. 1. A majority of the Directors in office shall be necessary to constitute a quorum for the transaction of business, except to adjourn.

Regular meetings. Sec. 2. Regular meetings of the Directors shall be held on the   day of   at the office of the Company in   , or by order of the Board of Directors elsewhere, at an hour to be fixed by the Board.

Notice, how given.

Sec. 3. Notice of all regular meetings shall be mailed to each Director at his last known post-office address by the Secretary of the Board at least days prior to the time fixed for such meeting, but the failure to give such notice shall not invalidate such meeting.

Special meetings.

Sec. 4. Special meetings of the Board may be called by the President on days notice to each Director by the Secretary of the Board; special meetings shall be called in like manner on the written request of members of the Board. Such notice may be by telegram, telephone message, or in writing, delivered to each Director personally or left at his residence, or usual place of business.

—notice.

1901, ch. 229.

—offices out of state.

Sec. 5. The Directors may hold their meetings and have an office and keep all the books of the Company (except the records of the meetings of the stockholders) outside of the State of Maine at the City of or such other place or places as they may fix upon.

Order of business.

Sec. 6. The order of business at the meetings of the Board shall be as follows:

1. Proof of notice, (if a special meeting).
2. Reading of minutes of last meeting.
3. Reports of officers.
4. Reports of committees.
5. Unfinished business.
6. Miscellaneous business.
7. New business.

This order may be changed at any meeting by a majority vote of the Directors present.

ARTICLE VI.

STANDING COMMITTEES.

Executive committee.

Sec. 1. There may be an Executive Committee of Directors appointed by the Board, who shall meet at regular periods, or on notice to all by any of their own number; they shall advise with and aid the officers of the Company in all matters concerning its interests and the management of its business, and generally perform such duties and exercise such powers as may be directed or delegated by the Board of Directors from time to time, and they shall have authority to exercise all the powers of the Board when at any time a quorum fails to attend any regular or special meeting thereof. Power is hereby given to such Executive Committee to act by the written consent of a quorum thereof, although not formally convened.

Finance committee. Sec. 2. There may be a Finance Committee of Directors appointed by the Board, who shall attend to and supervise all the fiscal operations of the Company, under the direction of the Board, and shall examine and audit all accounts of the Company at the close of each fiscal year and at such other times as they may deem necessary.

Meetings. Sec. 3. The standing committees shall keep regular minutes of their transactions and cause them to be recorded in a book kept in the office of the Company designated for that purpose and report the same to the Board of Directors at their regular meetings.

Vacancies. Sec. 4. Vacancies in the standing committees shall be filled by the Board of Directors.

ARTICLE VII.

Compensation of Directors.

None, as such. Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board may be allowed dollars, and their actual traveling expenses, for attendance at each regular or special meeting of the Board, if present at roll-call and until adjournment, unless excused. Members of either special or standing committees may be allowed like compensation for attending committee meetings. Additional compensation may be made to Directors for special services rendered.

ARTICLE VIII.

Officers.

Time of election. Sec. 1. Immediately after the election of Directors, if all of the Board of Directors are present or if those absent have filed a waiver of notice, and if not, at their first meeting thereafter when there shall be a quorum, the said Board shall elect, by

R.S., ch. 48, § 2. —president to be a director.

ballot, a President and a Vice President from their own number, who shall hold office for one year and until their successors are elected and qualified.

Secretary and treasurer.

—treasurers may be made elective by the stockholders.

Sec. 2. The Board of Directors shall annually choose a Secretary of their Board and a Treasurer, who need not be members of the Board, or one person to act as both Secretary and Treasurer, who shall hold office for one year, and until their successors are elected, unless sooner removed by the Board, which the Board shall have power at any time to do, with or without cause.

Vacancies.

Sec. 3. If the office of any Director, or of the President, Vice President, Secretary, Treasurer or Clerk, one or more, becomes vacant by reason of death, resignation, disqualification or otherwise, the remaining Directors, although less than a quorum, by a majority vote, may elect a successor, or successors, who shall hold office for the unexpired term. Any Clerk so elected must be a resident of the State of Maine.

Resignations.

Sec. 4. Any Director or other elected officer may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Company, unless some other time be fixed in the resignation and then from that date. The acceptance of a resignation shall not be required to make it valid.

Absence.

R.S., ch. 46, § 10. —duties of clerk.

Sec. 5. In case of the absence of any officer of the Company, or for any other reason that may seem sufficient to the Board, the Board of Directors may delegate his powers and duties to any other officer, or to any Director, for the time being. This by-law shall not apply to the Clerk.

ARTICLE IX.

PRESIDENT.

These powers may be conferred upon a chairman.

Sec. 1. The President shall be the chief executive officer and head of the Company, and (in the recess of the Board of Directors and of the Executive Committee) shall have the general and active management of its business and affairs, subject, however, to the right of the Directors to delegate any specific power, except such as may be by the statute exclusively conferred upon the President, to any other officer or officers of the Company, to the exclusion for the time being of the President.

Duties. Sec. 2. The President shall preside at all meetings of the stockholders. He shall also preside at all meetings of the Board of Directors, and appoint all special or other meetings, unless otherwise ordered by the Board. He shall make annual reports showing the condition of the affairs of the Company, making such recommendations as he thinks proper, and submit the same to the Board of Directors at the meeting next preceding the annual meeting of stockholders, and he shall from time to time bring before the Directors and the Executive Committee such information as may be required, touching the business and property of the Company. He shall be *ex officio* a member of all standing committees of the Board, and shall be the custodian of the corporate seal.

ARTICLE X.

VICE-PRESIDENT.

Not a statutory officer. Sec. 1. The Vice-President shall be vested with all the powers, and required to perform all the duties of the President in his absence.

President pro tem. Sec. 2. In case of the absence of both the President and Vice-President a President *pro tem.* may be elected.

ARTICLE XI.

SECRETARY.

Duties. The Secretary of the Board of Directors shall be *ex officio* Secretary of the standing committees; he shall attend all sessions of the Board and act as the clerk thereof, and shall record all votes and the minutes of all proceedings in a book kept for that purpose. He shall perform like duties for the standing committees when required. He shall see that proper notice is given of all meetings of the Board of Directors and of the stockholders and shall perform such other duties as may be required by said Board or by the President.

ARTICLE XII.

TREASURER.

Sec. 1. The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company, and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board of Directors. He shall have the authority to endorse on behalf of the Company for the purposes only of transfer to the depositary bank or trust company, to be deposited therein all checks, notes, drafts, warrants and orders. **Duties.**

Sec. 2. He shall disburse the funds of the Company as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Company, and at the regular meeting of the Board next preceding the annual meeting of the stockholders a like report for the preceding year. **Disbursements.** **Statements.**

Sec. 3. The stock books, stock transfers and stock records shall be kept at the office of the Treasurer and in such form and manner and under such regulations as the Board of Directors may determine. **Stock records.**

Sec. 4. The Treasurer shall give the Company a bond in a sum, and with one or more sureties satisfactory to the Board of Directors, for the faithful performance of the duties of his office, and the restoration to the Company, in case of his death, resignation or removal from office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the corporation. **Bond.**

ARTICLE XIII.

CLERK.

Sec. 1. The Clerk, who shall at all times be a resident of Maine, shall be elected by the stockholders at the annual meeting. He shall keep at some fixed place within the State of Maine a clerk's office where shall be kept the records of all **Election.**

R.S.,ch.46, § 10 —office.

R.S.,ch.46, § 11. —certificate.

meetings of the stockholders. Within twenty days after his election he shall file in the registry of deeds for the County of Kennebec in the State of Maine a certificate giving the date of his election, his full name and residence and the location of said clerk's office.

R.S., ch. 46, § 2. —duties of clerk.

Sec. 2. The Clerk shall attend all meetings of the stockholders and act as the Clerk thereof and shall record all votes and the minutes of all proceedings in a book kept for that purpose. He shall be sworn to the faithful discharge of his duties.

Clerk pro tem.

Sec. 3. In the absence of the Clerk, a Clerk *pro tem.* may be chosen, who shall be a resident of Maine and be duly sworn.

ARTICLE XIV.

Certificates of Stock.

R.S.,ch.46, § 12. —signing of certificates.

—counter-signing not required by statute.

Sec. 1. All certificates of stock shall be signed by the President or Vice-President and by the Treasurer and shall have affixed thereto the corporate seal, and no certificate shall be valid until countersigned by   as Transfer Agent.

Regulation of issue.

Sec. 2. Such certificates shall be numbered in the order in which they are issued. They shall be bound in a book and shall be issued in consecutive order therefrom; and in the margin of this book shall be entered the names of the persons owning the shares therein represented, the number of shares and the dates thereof.

R.S.,ch.46, § 12. —transfer of shares.

Sec. 3. Shares of stock of the Company shall be transferable only on the books of the Company by the holder thereof in person, or by his or her attorney duly authorized thereto in writing, and upon the surrender and cancellation of the certificate therefor duly endorsed. Whenever any transfer shall be made for collateral security and not absolutely the fact shall be so expressed in the entry of said transfer.

Loss of certificate.

Sec. 4. In case of the loss or destruction of a certificate, another may be issued in its place upon proof of such loss or destruction and the giving of a satisfactory bond of indemnity or other security.

ARTICLE XV.

DIVIDENDS.

When payable.

Sec. 1. Dividends upon the capital stock of the Company, when earned, shall be payable semi-annually on the first days of and in each year beginning in 19 . . Before payment of any dividends or making any distribution of profits, there shall be set aside out of the net profits of the Company such sum or sums as the Directors from time to time in their absolute discretion think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Company, or for any such other purpose as the Directors shall think conducive to the interests of the Company.

Closing transfer books.

Sec. 2. The Board of Directors shall close the transfer books for days before the payment of any dividend.

ARTICLE XVI.

FISCAL YEAR.

The fiscal year of the Company shall begin the day of and terminate on the day of in each year, beginning in 19 .

ARTICLE XVII.

CONTRACTS, CHECKS, NOTES, ETC.

Contracts, how made.

Sec. 1. No agreement, contract or obligation, other than a check, involving the payment of money or the credit of the Company for more than dollars, shall be made without the order of the Board of Directors or of the Executive Committee, duly entered in the minutes. Unless the Board shall otherwise from time to time determine to the contrary, all contracts shall be signed by the .

Checks, etc., how signed.

Sec. 2. All checks, drafts or orders for the payment of money shall, until the Directors otherwise order, be signed by No check shall be signed in blank.

Notes, how signed.

Sec. 3. All notes and acceptances shall, unless the Directors otherwise order, be signed by the President, or Vice-President, and the Treasurer.

ARTICLE XVIII.

Books and Accounts.

Inspection.

The books, accounts and records of the Company shall be open to inspection by any member of the Board of Directors at all times during the usual hours of business. The records of meetings of stockholders shall likewise be open to similar inspection by any stockholder, but all other books, accounts and records shall be so open to inspection by the stockholders only at such times as the Board of Directors may by resolution designate.

ARTICLE XIX.

Notices and Waiver.

Time of giving.

Sec. 1. Whenever notice is required under these by-laws and such notice is given by mail, the time of the giving of such notice shall be deemed to be the time when the same shall be deposited in the post-office or letter box.

Waiver.

Sec. 2. Any stockholder, officer or Director may waive any notice required to be given under these by-laws.

ARTICLE XX.

Alteration of By Laws.

By stockholders.

Sec. 1. The stockholders, by the vote of a majority of the stock issued and outstanding, may at any regular, or upon notice at any special meeting, alter or amend these By-Laws.

By directors.

Sec. 2. The Board of Directors, by a vote of   members, may also alter or amend these By-Laws, but no alteration or amendment shall be so made unless proposed at a regular meeting of the Board and considered at a subsequent regular meeting.

Notice.

Sec. 3. A copy of each amendment or alteration of these By-Laws shall be sent to each stockholder within   days after its adoption.

NOTE. These by-laws are drawn with reference to corporations doing business out of the state of Maine having only common stock.

Matters that are statutory are minuted upon the margin; such sections are needed. Sections pertaining purely to business management may be changed to meet the peculiar requirements of each case.

In Maine the by-laws hold the place of importance held in New Jersey and elsewhere by the Certificate of Incorporation. In those states the certificate must define the corporate purposes and corporate powers. In Maine the certificate of organization, in this respect, states only the corporate purposes. The division of powers must be provided for in the by-laws.

Maine corporations, without any declaration to that effect in the certificate or by-laws, have all the powers of natural persons necessary to accomplish the corporate purposes, may do business anywhere in the world, hold real and personal property anywhere without limit, pay for property or services in stock or bonds, own patents, hold and deal in the stocks and bonds of other corporations, guarantee obligations of other companies, contract as fully as natural persons, issue bonds or debentures in any amount, act as mortgagor or mortgagee and exercise like powers. The statutes dispense with the refinements incident to organization under the laws of New Jersey and Delaware.

The by-laws may provide for "two or more kinds of stock with such classes, with such desiquations, preferences and voting powers, or restrictions or qualifications thereof," as stockholders may decide without statutory rules of limitations.

By-laws may be adopted classifying directors, authorizing directors to issue bonds, limiting or regulating bond issues, enlarging or limiting the powers of directors as desired, authorizing cumulative voting, making more or less than a majority a quorum, providing for a chairman with the usual powers, auditors or inspectors of elections, and in general may include all the best and most approved rules of corporate management or organization found in the certificates of incorporation or by-laws of any of the large corporations organized under the laws of New Jersey or Delaware.

Maine corporations have all the security and safety of the corporations of New Jersey and Delaware, are more easily organized, and are clothed with broader powers. Stockholders are less likely to be troubled with questions of personal liability, (see note to statutes, *supra,* R. S. ch. 46, § 47), than in any state or territory in the United States.

On motion therefor, it was unanimously

Voted,

That the capital stock of the Company be now open for subscription. **R.S.,ch.48, § 18. —stock.**

Thereupon the Chairman reported that the following subscription of stock had been made and the original was ordered to be placed on file:

COPY.

We, the undersigned, hereby agree to take the number of shares severally set against our names in the capital stock of the   Company, and we agree to pay any part or all of the same to the Treasurer of the Company **R.S.,ch.48, § 18 —stock.**

on demand and at such time and in such amount as the Company, by its Board of Directors, may direct.

Dated , 19 .

Names.	Residences.	No. of Shares.
....	....	....
....	....	....
....	....	....

(NOTE. Leave date blank.
Instead of signing a joint subscription, it would facilitate the organization, if all incorporators not present at the meeting in person would sign individual subscriptions. Statutes require only subscriptions of at least one share each from proposed directors. Corporations may organize with three shares subscribed. Balance may be treasury stock. Capital must be $1,000. Nothing need be paid in. Actual business may be then commenced.)

On motion therefor, it was unanimously

Voted,

R.S.,ch.48, § 17. —officers. That the stockholders proceed to the election of a Clerk and a Board of Directors.

Ballot having been had, the Chairman reported that the following gentlemen had been unanimously elected to their respective offices:

Clerk, ...
Directors, ...
....
....

(NOTE. The clerk must be a resident of Maine. No director need be such resident.)

R.S.,ch.48, § 2. —clerk to be sworn. The Clerk was duly sworn as follows:

State of Maine,
Kennebec, ss. A. D. 19 .

Personally appeared.........................and made oath that he would faithfully and impartially perform the duties required of him as Clerk of......................Company.

Before me,

......................,
Justice of the Peace.

On motion therefor, it was unanimously

Voted,

That the Directors meet forthwith and complete the organization of the Company by the election of a President, Vice-President and Treasurer, and that the President, the Treasurer and a majority of the Directors forthwith prepare the certificate of organization required by the laws of Maine and cause the same to be recorded and filed in the various offices required by law.

R. S., ch. 48, §§ 17, 18. —organization.

Vice-president not necessary.

The Chairman reported that no further corporate business could be transacted until the foregoing certificate of organization had been approved by the Attorney General, recorded in the Registry of Deeds for Kennebec County, and a copy thereof attested by said Register filed with the Secretary of State, and the meeting thereupon adjourned.

R.S., ch. 48, § 19. —creation of corporation.

A true record:

Attest:

......................,

Clerk.

We, the undersigned, being all the members of the.......... ....Company, certify that we were present in person or by attorney, at the foregoing meeting and we consent thereto.

....

....

....

DIRECTORS' FIRST MEETING.

Minutes of the proceedings of the first meeting of Directors of............................Company, held at the office of Heath & Andrews, in Augusta, Maine, on the day of , 19 , at o'clock in the noon.

There were present being the Directors of the Company.

Mr. acted as Temporary Chairman and Mr. was appointed Temporary Secretary of the Board.

A waiver of notice of the meeting signed by all the Directors was presented and ordered to be placed on file.

The minutes of the first meeting of the stockholders were read.

Upon motion it was resolved that the Board proceed to the election of officers, and nominations having been made and ballots cast, the Chairman announced the election of the following officers:

Vice-president not required by statute.

President,
Vice-President,
Secretary of Board,
Treasurer.

The above-named persons were thereupon declared by the Chairman to be elected the respective officers of the Company.

Upon motion it was

Resolved, That the certificate of organization required by the laws of Maine be forthwith made, recorded and filed.

Adjourned.

A true record:
Attest:
......................,
Secretary.

NOTE. For full directions on organizing WITHOUT COMING TO MAINE see page following preface.

FORMS.

POWER OF ATTORNEY.

FIRST MEETING AND ADJOURNMENT.

Know all Men by these Presents,

That I, the undersigned, a subscriber for shares of the capital stock of the Company, do hereby constitute and appoint , my true and lawful attorney, in my name, place and stead, to vote upon the stock subscribed for by me, as my attorney, at the meeting of the stockholders of the said Company, to be held at the office of Heath & Andrews, in Augusta, Maine, on the day of , 19 , or on such other day as the meeting may be thereafter held by adjournment or otherwise, according to the number of votes I am now or may then be entitled to cast, hereby granting the said attorney full power and authority to act for me and in my name at the said meeting or meetings, in voting for Directors or otherwise, and in the transaction of any other business which may legally come before said meetings, as fully as I could do if personally present, and hereby expressly ratifying and confirming all that my said attorney may do in my name, place and stead.

In Witness Whereof, I have hereunto set my hand and seal this day of , 19 .

Witness.

....

NOTE. Sign and forward in blank. Advise separate power of attorney for each incorporator.

SUBSCRIPTION FOR STOCK.

I, the undersigned, hereby agree to take the number of shares set against my name in the capital stock of.................. ....Company, and I agree to pay any part or all of the same to the Treasurer of the Company on demand and at such time and in such amounts as the Company, by its Board of Directors, may direct.

Dated , 19 .

NOTE. It is preferable for subscriptions to be separately signed. Each corporator must subscribe for at least one share. Nothing need be paid in. Balance unsubscribed may be treasury stock. Leave date of subscription blank.

WAIVER OF NOTICE

OF THE

FIRST MEETING OF DIRECTORS.

We, the undersigned, being the Board of Directors elected by the stockholders of the Company, organized under the laws of the State of Maine, do hereby waive notice of the time and place of the first meeting of said Board of Directors, and of the business to be transacted at such meeting.

We designate the day of 19 , at o'clock in the noon as the time, and the office of Heath & Andrews in Augusta, Maine, as the place of the first meeting of the said Board of Directors. The purpose of said meeting being the election of officers and the transaction of such other business as may be legally necessary to complete the organization of said Company.

Dated , 19 .

....

....

....

NOTE. All should sign. Leave all dates blank.

LIST OF FORMS.

The following forms can be obtained from Heath & Andrews:
Memoranda for preparing Organization Papers.
Articles of Association.
Power of Attorney First Meeting.
Stock Subscription First Meeting.
Directors' Waiver of Notice First Meeting.
Minutes, Stockholders' First Meeting.
Minutes, Directors' First Meeting.
By-Laws.
Resignations.
Transfer of Subscriptions.
Waiver of Notice Any Stockholders' Meeting.
Waiver of Notice Any Directors' Meeting.
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Counsel doing business with Heath and Andrews will receive biennially all necessary sheets for insertion to keep this pamphlet up to date, and annually revisory sheets to constantly keep Heath's "Comparative Advantages of the Corporation Laws of all the States and Territories" in touch with the changes of any of the systems.

Such counsel will be furnished without charge with all copies of both pamphlets needed for distribution among clients.

Blanks and forms sent free. The two pamphlets sent to all such counsel, on application, bound in cloth, without charge.

General Counsel
Augusta Trust Co.
Kennebec Savings Bank.

LONG DISTANCE TELEPHONE.

Heath & Andrews,

ATTORNEYS-AT-LAW,

AUGUSTA, MAINE.

H. M. HEATH, 1876. **C. L. ANDREWS, 1885.**

REFERENCES WITHOUT PERMISSION.

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Bates & Holliday, lawyers,	Tremont Bldg., Boston, Mass.
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C‡

COMPARATIVE ADVANTAGES

OF THE

CORPORATION LAWS

OF ALL THE

STATES AND TERRITORIES

BY

HERBERT M. HEATH

Counsellor-at-Law.

COUNSEL DOING BUSINESS WITH HEATH & ANDREWS WILL ANNUALLY RECEIVE "ADDENDA" TO KEEP THIS MANUAL UP TO DATE.

KENNEBEC JOURNAL PRINT
1902

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BY
HEATH & ANDREWS,
AUGUSTA, MAINE.

PREFACE.

The writer has long felt that active practitioners needed a hand-book to succinctly call their attention to the salient features of the corporate systems of the different States and Territories. This pamphlet is submitted as an attempt in that direction.

It does not purport to be exhaustive. To make it so would load it with the burdens of the outstanding manuals, too bulky and minute to serve the uses of busy men.

It is written from the stand point of the incorporator seeking simplicity, economy and the fewest possible restrictions, at the same time looking for a State not likely to change its legislative policy.

The compiler does not necessarily endorse the social economics of the systems upon which he comments. He believes there can be no effective corporate regulation until the Federal Government has broader constitutional powers. Until then, incorporators will seek the state giving the greatest freedom if convinced of the reasonable stability of its legislative policy.

HERBERT M. HEATH.

AUGUSTA, ME., April, 1902.

CHAPTER I.

ANALYSIS OF ALL THE SYSTEMS.

ALABAMA.

Before beginning business fifty per cent of authorized capital stock must be subscribed by solvent persons and satisfactory evidence given under oath of the payment in cash or property of twenty per cent.

Two incorporators required. Maximum capital ten million dollars. Except for mining and manufacturing, limit of life is twenty years.

No annual statements. Debts not to exceed the capital stock. May hold stocks of other corporations. Preferred stock permitted by two-thirds vote. Number of directors limited to nine. Resident stockholders may consent to meetings out of the state, copy of proceedings to be filed with resident agent. Must make return to local assessors that stock may be properly taxed at market value. Stock may be issued for property on valuation fixed by commissioners.

Original subscriber remains liable to extent of amount unpaid even after transfer.

Fees.—Not over $50,000, $25; over $50,000 to $100,000, $50; over $100,000 to $250,000, $75; over $250,000 to $500,000, $100; over $500,000 to $1,000,000, $200; over $1,000,000, $250. No annual franchise tax.

Foreign corporations on admission pay same license fees as domestic.

Non-residents would not be attracted by the requirements as to preliminary subscriptions and payments. For this reason and to secure perpetual corporate life residents in many instances find advantages abroad.

ARIZONA.

No particular amount of stock to be subscribed before commencing business. Nothing to be paid in. Articles to be published in local paper one week. No limit to amount of stock. Corporate life limited to twenty-five years, with right of renewal for a period not exceeding twenty-five years, if three-fourths of stock so votes.

No annual statements. Debts must not exceed two-thirds of the amount of capital stock. No power by statute to hold stocks in other corporations. Stockholders' meetings to be held within the territory. Preferred stock not permitted. Books at all times open to inspection by stockholders. No power of consolidation.

All stockholders are individually liable to creditors to the amount of the unpaid instalments on the stock owned by them. The liability follows the stock in the hands of a transferee.

Fees for incorporation average about $36. No annual franchise tax. Foreign corporations pay no admission fee.

The literature distributed by the territory inviting corporate business is inaccurate. Among other things we notice—"Nothing preventing stockholders and directors holding their meetings and keeping their books anywhere—" The statute is silent; in the absence of affirmative permission, the universal rule applies that such meetings beyond the limits of the incorporating state are void—

Next, "Private property is exempt from corporate debts and there is no individual liability on the part of either directors or stockholders when so specified in the Articles of Incorporation." Section sixteen of the statute, however, gives the rule as above stated in the text, "Nothing herein shall exempt the stockholders of any corporation from individual liability to the amount of the unpaid instalments on the stock owned by them." The liability therefore attaches to the stock however acquired.

Again—"Capital stock is made full paid and non-assessable when issued in exchange for property and so provided by the Articles." The statute confers no such power. There is no statutory provision for fixing the value of such property. If negligently or fraudulently overvalued, liability follows under well-settled rules. Such stock is non-assessable by the corporation but its holders are liable to creditors.

Again—"Preferred stock may be issued when so provided." Leading counsel in the territory, following the judicial rule that the silence of the statute excludes the power, say "there is no such thing as preferred stock in the territory."

Non-residents may be attracted by the nominal fee, but, if incorporated elsewhere, they secure perpetual corporate life, freedom as to indebtedness, the right of the directors to meet anywhere, the right to issue preferred stock, clear authority to hold stocks of other companies, and (if organized in Maine or West Virginia) less personal liability for transferees of unpaid stock. Even residents of Arizona would secure increased privileges. The statutory system is crude, poorly developed, and subject to the sudden changes of legislative policy naturally to be feared from a territorial legislature.

ARKANSAS.

No particular amount of stock to be subscribed before commencing business. Nothing to be paid in. No limit to amount of stock. Shares $25 or $100. Corporate life unlimited.

Annual statement to be filed with county clerk, showing capital actually paid in, cash value of real estate, personal estate and credits, amount of debts, name and number of shares of each stockholder; otherwise, president and secretary liable for debts contracted during period of neglect. When debts exceed capital stock, directors liable. No statutory power to hold stocks of other companies. Preferred stock not permitted.

All stockholders are liable for the debts of the corporation to the extent of their unpaid stock. Liability follows the stock in hands of transferees.

Fees for incorporation, $25. No annual franchise tax. Foreign corporations on admission pay same fees as domestic.

Non-residents are not likely to be attracted to these restrictions. Residents, incorporating elsewhere, could well afford to pay heavier fees to secure greater freedom as to indebtedness, less publicity and, if organized in Maine or West Virginia, less personal liability.

CALIFORNIA.

In organizing ordinary business corporations no particular amount of stock to be subscribed. Nothing to be paid in. At least five incorporators, majority to be residents. No limit to amount of stock. Corporate life fifty years, with right of extension for fifty years by vote of two-thirds of stock.

No annual statements. Debts not to exceed the capital stock, otherwise directors liable. Meetings of stockholders and directors to be held within the state. Shares not taxable but every issue of a certificate of stock is taxed ten cents. One corporation cannot hold stocks of another corporation. At least five directors, majority to be citizens of the state. Treasurer to be resident. No provision for statutory valuation of property received for stock. No provision permitting preferred stock.

Each stockholder is individually and personally liable for such proportion of all the corporate debts and liabilities contracted or incurred during the time he is a stockholder as his stock bears to the total capital stock. Liability not released by subsequent transfer.

Fees—$25,000 or less, $15; over $25,000 to $75,000, $25; over $75,000 to $200,000, $50; over $200,000 to $500,000, $75; over $500,000 to $1,000,000, $100; over $1,000,000, $150. Foreign corporations pay same fees as domestic. No annual franchise tax.

While non-residents can find nothing in this system to attract them, it would seem as if residents would prefer to pay double fees as a foreign company to avoid the burdensome restriction of the double liability feature to secure perpetual corporate life, have greater freedom as to indebtedness and authority to issue preferred stock.

COLORADO.

No particular amount to be subscribed before commencing business. Nothing to be paid in. Amount of stock unlimited. Shares $1 to $100. Corporate life twenty years with right of renewal for twenty years by majority vote.

Domestic and foreign corporations required to file annual statements showing, *inter alia,* stock actually paid in, manner of such payment, indebtedness, and all facts necessary to show their financial condition. Otherwise, officers liable for debts contracted during preceding year and until report is so made.

No limitation upon debts. Stockholders' meetings to be held within the state. No statute concerning the issue of preferred stock. All books subject to inspection by stockholders. Directors of mining company cannot exceed nine.

Stock may be issued, as full paid, for labor, services or property to the value thereof as determined by the honest judgment of the directors, to be so reported in annual statements; if valuation is excessive, bona fide purchaser of stock not liable (following the Maine rule).

Each stockholder, except as above, is liable for the debts of the corporation to the extent of the amount remaining unpaid upon the stock held by him. Gen. Stat. 1883, §247. The transferee, therefore, as a general rule becomes so liable.

Fees. If authorized capital does not exceed $50,000, $20; if over $50,000, twenty cents per $1000 additional. Corporations with capital stock exceeding $10,000 pay an annual franchise tax of five cents on each $1000, but no such tax to exceed $1000.

Foreign corporations are declared by statute to be subject to all the restrictions, duties and liabilities of domestic corporations but the annual license fee is ten cents upon each $1000 of capital, in no case to exceed $1000. Manifestly these provisions can have no constitutional validity when applied to foreign corporations engaged wholly in interstate commerce.

While non-residents are likely to be repelled by the foregoing fees, there are some advantages to be gained by residents, who incorporate abroad, such as clear authority to issue preferred stock and, as to stock sold for cash, less personal liability for a subsequent purchaser (if organized in Maine or West Virginia).

CONNECTICUT.

Before commencing business, at least fifty per cent of authorized stock (minimum $2000) must be subscribed by *bona fide* subscribers and twenty per cent of such subscriptions paid in, such payments to aggregate at least $1000. No limit to amount of stock. Corporate life practically unlimited. Par value not less than $25.

Annual statements required from domestic and foreign corporations showing, *inter alia,* amount of stock paid for in full, list of stockholders with address of each, and stocks or securities of other corporations owned. Statement to be filed with secretary of state and town clerk.

No restriction upon indebtedness. Stockholders' meetings to be held within the state. All books to be kept within the state and accessible at all times to stockholders. Preferred stock permitted. Statute silent upon holding the stocks of other companies.

No stock can be issued until paid for in full. The honest judgment of the directors final as to values if paid for otherwise than in cash. Directors liable for fraud or gross negligence in over-valuation.

Dividends limited to ten per cent a year until corporation has a surplus of twenty per cent.

"Every stockholder, whether an original stockholder or not, shall be liable for any balance due on the stock held by him." Sec. 16. ch. 151, Laws of 1901. If stock, therefore, is issued for property at an over-valuation through the fraud or negligence of directors, innocent purchasers subsequently acquiring such stock for full value become liable for the legal deficiency of value determined by the court.

Fees. Fifty cents upon every $1000 up to $5,000,000 and upon every additional $1000, ten cents. No fee to be less than $25. No annual franchise tax. Foreign corporations pay admission fees of $15 but are subject to no peculiar requirements.

The burdens upon commencement of business, limitation upon par value of shares, duty of annual statements, heavy fees, and the requirement that stock before issue of certificates must be paid in full have a tendency to repel non-residents.

Residents, seeking other states, gain the privilege of commencing business with a nominal subscription and nothing paid in, of issuing shares for less than $25, full liberty as to dividends, the right to hold stocks of other companies, the power to issue certificates of stock before full payment, and (if organized in Maine or West Virginia) less personal liability for subsequent purchaser of stock originally issued at less than par or not legally paid for in full through fraudulent over-valuation of the directors.

DELAWARE.

Before beginning business, at least one thousand dollars must be subscribed and the authorized stock be at least two thousand dollars. Nothing need be paid in. Corporate life unlimited.

Annual statements required showing, *inter alia,* amount actually paid in. No limitation upon indebtedness. May hold stocks in other corporations.

Stockholders' meetings may, if by-laws so provide, be held without the state. Duplicate stock ledger to be kept within the state accessible to stockholders.

Corporate name must contain *some* appropriate word showing incorporation. Two-thirds vote required to increase or decrease stock. Directors must hold three shares. Preferred stock cannot exceed two-thirds of the actual capital paid in by cash or property and the dividends thereon must not exceed eight per cent per annum; creation of such stock requires two-thirds vote unless otherwise provided in certificate.

The state claims to be peculiar in the provision that bondholders and debenture holders may be granted voting powers, thus enabling the corporation to so capitalize itself as to reduce annual franchise tax in Delaware and in states where such corporation would pay license fees, for admission, computed upon its capital. In Maine, however, the same privilege may be granted.

Stock may be issued as full paid for labor or property and in the absence of fraud the judgment of the directors as to value shall be conclusive. Return to be made to secretary of state showing fact of full payment for capital stock and manner thereof. Stock books to be closed for twenty days preceding election and other similar provisions inflexibly regulating matters that on account of varying conditions in different corporations can usually be better met through a broad power to establish convenient by-laws.

As in New Jersey, the certificate of incorporation must specifically assert not only the corporate purposes but the corporate powers in detail, as fully as in a special legislative charter. Powers not so claimed cannot be exercised. The requirement that every corporation shall maintain a principal office or place of business in the state and have a resident agent in charge is likely to lead to dangerous litigation touching the continuance of corporate life under the practice in Delaware of maintaining but a nominal office. The statute calls for an actual business office.

The corporation certificate must state the amount of real and personal estate to be held and the maximum indebtedness to be incurred, features not always conveniently established in advance.

When the whole capital stock of a corporation shall not have been paid in, and the capital paid in shall be insufficient to satisfy the claims of creditors, each stockholder shall be bound to pay on each share held by him the sum necessary to complete the amount of such share, as fixed by the charter of the company, or its certificate of incorporation, or such proportion of that sum as shall be required to satisfy the debts of the company. While the court has not yet passed upon the possible conflict between the statute permitting the directors, in the absence of fraud, to fix the value of property received for stock and section 4 of Art. IX. of the constitution providing that property shall not be received by a corporation in payment of stock at a greater price than the actual value thereof,—a grave question,—still it is plain that if stock is originally sold for less than par or issued for labor or property through a valuation legally fraudulent, the innocent holder of any such stock at the time of the insolvency of the corporation must make good the original deficiency. The holder of Delaware stock can never know his contingent liability. Yet in the face of the clear language of the statute imposing a liability upon all holders of stock not legally full paid, in a preface to its laws issued by authority of the legislature, we find this—"Stock fully paid up in non-assessable"—true technically but tending to obscure the actual rule.

Prof. Bostwick, professor of corporation law in the University of New York, holds the foregoing constitutional question to be well raised, and recently declared in the Commercial Advertiser, New York, July 3, 1899, that Delaware was a dangerous state in which to incorporate where stock is to be issued for property. He further said that the whole system was full of ambiguities and pitfalls. Mr. J. Ernest Smith, Counsel for the Delaware Trust Company, in testifying before the United States Industrial Commission, Nov. 13, 1899, admitted that this constitutional question was unsettled and by implication, at least, conceded its gravity.

Fees. Fifteen cents on each $1000, no fee to be less than $20. Recording fees $13.50. Foreign corporations are admitted, with no unusual requirements, upon paying $50.

The annual franchise tax upon domestic corporations is one-twentieth of one per cent on stock issued up to and including $3,000,000, in excess of $3,000,000 and up to and including 5,000,000 one-fortieth of one per cent and on each additional $1,000,000, $30.

Non-residents willing to pay fees of this character, to take the risks raised by Prof. Bostwick, and to issue shares possibly loaded with liability even in the hands of innocent holders may elect to incorporate in Delaware. They, as well as residents of the state itself, would obviate these dangers and others raised by Prof. Bostwick by incorporating in Maine at less initial and annual cost.

FLORIDA.

Before commencing business ten per cent of capital to be subscribed and paid in. No limit to amount of stock. Shares must be at least $10. Charter to be advertised four weeks. Corporate life practically unlimited.

Annual reports required showing, *inter alia,* names and residence of each stockholder, amount actually paid in, and property subject to taxation. Maximum indebtedness to be fixed by charter. Meetings of stockholders to be held within the state. No mention in statute of preferred stock or the holding of stocks of other corporations.

Stock may be issued for property, labor or services at a just valuation to be fixed by directors or stockholders.

Amendments of charter by three-fourths vote; increase of stock by two-thirds, and reduction of stock or change in par value by unanimous vote. Books always accessible to any officer or committee representing one-tenth of all the subscribed stock. Meetings require two weeks' notice.

This state seems to have the usual rule of liability to creditors upon unpaid stock incident to its ownership. [See Rev. Stat. 1892.]

Fee. $2 for every thousand dollars, no fee to be less than $5 nor more than $250. No annual franchise tax. Foreign corporations admitted without unusual fees or restrictions.

To non-residents the system offers no particular advantages. Residents, going abroad, are relieved from paying in ten per cent in the first instance, can issue shares for less than $10, issue preferred stock, and have less personal liability (if organized in Maine or West Virginia).

GEORGIA.

Before commencing business ten per cent to be paid in. Application made to superior court and published four weeks. No limit to amount of stock. Corporate life twenty years, with right of renewal on application to court.

No annual statement. No restriction upon indebtedness. Preferred stock permitted. Books accessible to directors and stockholders. Cannot hold stocks in any other corporation. Meetings of stockholders to be held within the state.

Stock may be issued for property but no statutory provision for ascertaining value.

All stockholders liable to creditors for amounts unpaid upon their stock but exempt if insolvency does not occur within six months after transfer; the stockholder of record on the books is primarily liable.

Incorporation fees nominal. No annual franchise tax. Foreign corporations pay nominal fees and are subject to no peculiar requirements.

Non-residents are but little likely to use this system. Residents incorporating elsewhere secure perpetual life, the privilege of commencing business without paying in ten per cent, the right to hold stocks in other companies and less personal liability (if organized in Maine and West Virginia.)

IDAHO.

Before commencing business no particular amount to be subscribed. Nothing to be paid in. At least five incorporators, one to be a bona fide resident freeholder. No limit to amount of stock. Corporate life not to exceed fifty years.

No annual statements. No limitation upon indebtedness. No statutory power to hold stocks of other companies. Preferred stock cannot be issued by any particular statute.

Re-incorporation necessary to radically change original articles. Stock may be increased or decreased by two-thirds vote. Not less than five nor more than eleven directors, majority to be citizens and actual bona fide residents of state. Stockholders meetings to be held at principal place of business in state.

Stock may be issued for property but no statutory provision to regulate ascertainment of value. Section 2609 (amended February 6, 1899) provides that every stockholder is individually and personally liable for the debts of the corporation to the full amount unpaid upon the par or face value of the stock or shares owned by him. The liability, therefore, follows the ownership.

Fees—$12 for fees of auditor and secretary of state. Foreign corporations must designate a resident agent.

The liability following all stock, even in the hands of transferees, and the provision requiring a majority of directors to be residents would seem likely to repel non-residents. The liability rule and the restrictions upon corporate life, preferred stock, holdings in other companies, and the difficulty attendant upon changing essentials would seem to make the systems of other states more attractive to residents.

ILLINOIS.

No provision as to amount of subscription or cash capital required to begin business. Organizers to be not less than three nor more than seven. Corporate life to be not over ninety-nine years.

If indebtedness exceeds amount of capital stock, assenting directors liable for excess. Power to hold stocks of other companies doubtful. No provision as to preferred stock.

Stockholders' meetings to be held within the state. Meetings of directors out of the state void unless acts are authorized or ratified by two-thirds vote at regular meeting within the state.

Alterations require two-thirds vote. Directors not less than seven nor more than eleven. Books accessible to stockholders.

All stockholders liable to creditors to the extent of the amount unpaid upon their stock. An assignor remains jointly liable with the assignee. If transfers are of unpaid stock they must be recorded with the recorder of deeds.

Fees. For capital of $2,500 or under, $30; over $2,500 and not over $5,000, $50; also $1.00 for each $1,000 over said $5,000. No annual franchise tax.

Foreign corporations, upon admission, pay fees at the same rates as domestic upon that proportion of their capital stock represented by their property and business in Illinois. They are subjected to the same burdens as domestic and, under the statute, shall have no other or greater powers. Manifestly all these provisions have no application to such corporations when engaged wholly in interstate commerce.

Non-residents find no privileges here worth the unusual fees. Residents, incorporating elsewhere, secure perpetual corporate life, freedom as to indebtedness, clear authority to issue preferred stock, the right to hold stocks of other companies, and diminished personal liability (if organized in Maine or West Virginia.)

INDIANA.

No provision as to capital required, cash to be paid in or maximum capital. Corporate life, for manufacturing corporations fifty years, for ordinary business corporations unlimited.

Ordinarily no annual statements. No restriction upon indebtedness. As a general rule no power to hold stocks of other companies. Preferred stock not to exceed double the amount of the common stock and its dividends not to exceed eight per cent per annum. Stockholders meetings to be held within the state. Stock books open to inspection by stockholders.

Each stockholder is liable to creditors to an amount equal to the amount of his stock at the time the debts were contracted. The liability, therefore, is incident to the ownership.

Fees. If capital is $10,000 or under, $10; if over $10,000, one-tenth of one per cent. No annual franchise tax. Foreign corporations pay an incorporation fee upon the Indiana investment at the same rate required of local corporations, but this requirement cannot apply to foreign corporations engaged wholly in interstate commerce.

While the double liability feature repels non-residents, it would seem that residents would pay increased corporate fees to escape its burden, to secure perpetual corporate life, full liability as to preferred stock, all at less cost (except as to capital used in domestic commerce.)

IOWA.

No particular provision as to minimum or maximum stock or amount to be paid in before commencing business. A single person may incorporate. Corporate life twenty years, renewable by majority vote on purchase of dissenting shares.

Annual statement of list of officers and directors. Debts not to exceed two-thirds of capital stock. Statement of stock subscribed, capital paid in and indebtedness to be kept posted in principal place of business subject to public inspection. By-laws to be posted in like manner. No statutory provisions regulating preferred stock or holding of stocks in other companies.

All stockholders (Code, Section 1631), whether original owners or subsequent purchasers, liable to creditors to the amount unpaid upon their stock. Special liability for violation of sundry statutes.

Fees. $25, and for all authorized stock in excess of $10,000 an additional fee of one dollar per thousand, no fee to exceed $2,000. No annual franchise tax. Foreign corporations admitted with nominal fee.

The continuing personal liability is such that non-residents are not likely to seek this system. Residents desiring perpetual corporate life, freedom as to indebtedness, no publicity as to debts or payment of capital, less personal liability and smaller organization fees would look elsewhere.

KANSAS.

No maximum or minimum amount of capital stock fixed by statute. Twenty per cent of authorized capital to be first paid in in actual cash. May be organized for any period.

Annual statements required showing, *inter alia,* paid up stock, market value of shares, detailed statement of assets and liabilities and list of stockholders and addresses; penalty for delinquency, forfeiture of charter. Debts not to exceed authorized stock. No general statutory authority to hold stocks of other companies. Issue of preferred stock requires unanimous consent. Stockholders' meetings to be held within the state. Books accessible to stockholders. Directors not less than three nor more than twenty-four. Three directors, secretary and treasurer to reside in state.

Transfers of stock not valid until reported to secretary of state. No provision for reduction of stock. May increase to three times authorized capital and to any amount by a bona fide paid up cash subscription.

Stockholders liable to creditors for any unpaid subscription and in addition thereto for an amount equal to the par value of the stock owned by them.

Fees. Charter fee $25. Also one-tenth of one per cent upon first $100,000; upon the next $400,000 or any part thereof one-twentieth of one per cent; and for each million or major part thereof over $500,000, $200. No annual franchise tax.

Foreign corporations, before admission, pay the same fees and make the same annual report as is required from domestic corporations.

While the double liability rule repels non-residents, it would seem as if residents, for this reason, would prefer to incorporate elsewhere although compelled to pay additional charter fees, if engaged in domestic commerce.

KENTUCKY.

Before commencing business at least fifty per cent of the capital stock must be subscribed in good faith. No specified amount to be paid in. No limit to amount of stock. Corporate life fixed by articles.

No annual statement. Amount of indebtedness fixed by articles. No provision for holding stocks of other companies. Preferred stock permitted. Meetings of stockholders within the state. Each director to own three shares. Stock increased or reduced and articles changed by two-thirds vote. If property is received for stock it must be at actual market value.

Stockholders liable to creditors for full amount of the unpaid part of the stock subscribed for by them and individually responsible, equally and ratably, and not one for the other, for all contracts and liabilities to an additional amount equal to the par value of their stock.

Fees. One-tenth of one per cent upon authorized capital. No annual franchise tax. No foreign corporations under the constitution can do business in this state on more favorable conditions than are prescribed by law for similar domestic corporations, but this cannot apply to such corporations engaged wholly in interstate commerce.

While the double liability excludes non-residents, it would seem that residents would pay increased fees abroad to escape such a burden. At the same time they would secure the privilege of commencing business without subscribing more than nominal part of the capital.

LOUISIANA.

As a general rule no specified subscription required before commencing business. Nothing to be paid in. Usually six incorporators. Limited liability companies minimum $5,000, mechanical mining and manufacturing companies from $5,000 to $1,000,000, others no limit. Charter published once a week for thirty days. Corporate life ninety-nine years.

Annual reports of property and its earning capacity for purposes of taxation. No limitation upon indebtedness. Stock owned in another corporation cannot be voted upon. Preferred stock in use although not specially authorized by law. Meetings of stockholders and directors must be held within the state.

Books open to public inspection. Stock increased or decreased by two-thirds vote.

Each stockholder is liable to creditors for the unpaid balance on the stock held by him. The liability, therefore, follows the ownership.

Fees. To the secretary of state, $25; to the notary for drawing charter, according to its length, from $25 to $1,000, and cost of advertisement from $25 to $100. No annual franchise tax.

Foreign corporations are subject to all provisions applicable to domestic corporations, unless, of course, engaged wholly in interstate commerce.

The system is one not likely to attract non-residents. To the resident there is some advantage abroad in a lessened personal liability (if organized in Maine or West Virginia) a clearer right to issue preferred stock and more flexible corporate management.

MAINE.

That the comparison of the system of this state with the systems of the other states and territories may be better understood its abstract is carried to the end of the list and will be found next following the state of Wyoming.

MARYLAND.

No particular amount of stock to be subscribed before commencing business. Nothing to be paid in. The capital stock fixed by the articles must be paid in, one-fourth in one year, one-fourth in two years, one-fourth in three years and the balance in four years from the date of incorporation, certificate to be filed showing payment and character and value of property received; penalty, suit for dissolution.

Five incorporators, majority to be residents. Amount of stock unlimited. Corporate life forty years. No public annual statements. No limitation upon indebtedness. No express power to hold stocks of other companies. Preferred stock permitted. Stockholders' meetings within the state. Books of account open at all times to inspection of stockholders. Directors four to twelve, majority to be citizens of the state.

All stockholders are severally and individually liable for the debts of the corporation to the amount of their unpaid subscription until the whole capital is paid in and certificate to that effect filed.

Fees. One-eighth of one per cent, one-half before any business is transacted, the balance one year thereafter. In addition an annual state tax varying in annual rate.

Foreign corporations, on admission, file a sworn statement showing, *inter alia,* stock authorized and issued, and amount of assets and liabilities. Fee $25. No other unusual requirements.

The initial fees practically exclude non-residents. Residents, incorporating elsewhere, are not required to pay in capital so rapidly, secure perpetual corporate life, and are relieved from personal liability if their own stock is paid in or (if organized in Maine or West Virginia) subsequent purchasers, although the first taker from the corporation may not have paid for his stock in full, would be wholly relieved.

MASSACHUSETTS.

Before commencing business, president, treasurer and majority of directors must file sworn statement showing that whole amount of stock has been paid in and the manner of payment. No share to be issued until fully paid for. Stock payable in cash or property, but valuation of property to be sworn to by corporate officers with certificate of the commissioner of corporations that valuation is fair and reasonable.

Limits of capital (varying rules) usually from $1,000 to $1,000,000. Shares from $25 to $100. Corporate life unlimited. Annual certificate of condition to be filed with secretary of commonwealth. Annual return to (state) tax commissioner showing, *inter alia,* list of stockholders, addresses and holdings, details and value of plant within or without the state subject to local taxation.

May become a shareholder in another corporation. At organization may create preferred stock. Stockholders' meetings within the state. Directors liable if debts exceed capital stock. Special directors liability if debts are contracted before full payment for stock or for signing false statement as to valuation of property received for stock.

Stockholders liable jointly and severally for debts contracted before full payment of capital, but liability limited to those not so paying in full or to transferees with knowledge. Other special liabilities, including liability for wages due to operatives giving written notice six months before demand upon corporation.

Fees. One-twentieth of one per cent, but in no case less than $5 nor more than $200. No annual franchise tax. Foreign corporations file preliminary statement showing manner of payment for stock issued, pay charter fee of $10, make annual report of amount of stock paid up and assets and liabilities accompanied with fee of $5, but are otherwise subjected to no peculiar restrictions.

For obvious reasons few non-residents, if any, seek the restrictive features of this state and for like reasons its citizens to do business with reasonable freedom necessarily incorporate in other states, giving the preference to Maine with whose system the corporation lawyers of Massachusetts have been long familiar.

MICHIGAN.

In case of manufacturing and mercantile companies at least ten per cent of capital stock must be paid in; their stock shall be not less than $5,000, nor more than $5,000,000 and must be all subscribed. Shares to be not less than $5. Corporate life thirty years with right of one or more extensions by two-thirds majority of the capital concerned.

Annual statements of condition required, varying according to nature of corporation; manufacturing and mercantile corporations must show, *inter alia,* amount paid in, real and personal estate, debts and credits and names of shareholders and their holdings. No limit upon indebtedness. No express power to hold stocks of other companies. Preferred stock permitted not to exceed two-thirds of the actual capital paid in with dividends not to exceed eight per cent per annum.

Stockholders' meetings (except those of manufacturing corporations) to be held within the state. Books of account open at all times to stockholders. Under constitution, stockholders liable for labor debts. Varying rules of personal liability upon unpaid stock depending upon character of the corporation. The limits of this compilation will not permit their accurate statement in detail.

Fees. One-half of a mill upon each dollar of the authorized capital stock. No annual franchise tax.

Foreign corporations pay, on admission, the same fee as domestic computed upon that proportion of their property used in their business in Michigan. They carry on business in the same manner as domestic companies, enjoying their rights and privileges and subject to the same restrictions, requirements and liabilities, but these provisions can not apply to foreign corporations engaged wholly in interstate commerce.

While it is apparent that few non-residents, if any, would incorporate in this state, residents would elsewhere acquire the right to capitalize without limit, secure perpetual corporate life, be relieved from liability for labor debts (unless made so by the general terms of the statute concerning foreign corporations) and, subject to the same exception, secure less personal liability. Where the business is to be wholly interstate commerce the advantages are clear. The right of the state to impose a personal liability upon the stock of a foreign corporation not found in the code of the state of its creation has not yet been judicially settled, and, conceding the broad right to impose conditions of admission to the field of domestic commerce within the state, the right is seriously to be doubted, even though admission is sought to that field.

MINNESOTA.

Capital stock must be at least $10,000. No provision as to amount to be paid in. No limit to amount of stock. Shares from $1 to $100. Corporate life thirty years with right of renewal by two-thirds vote.

No annual statements. Articles must limit amount of indebtedness. No express power to hold stocks of other companies or to issue preferred stock.

Meetings may be held without the state. All books open to inspection by stockholders. Attorney-general has power to examine all books and papers.

Stockholders, except in corporations organized exclusively for any manufacturing or mechanical business, are liable for all corporate debts to an amount equal to the amount unpaid on the stock held and owned by them and to an additional amount equal to the par value of their stock so held. The liability follows the stock in the hands of transferees.

Fees. Manufacturing corporations exempt. Others pay $50 for the first $50,000, or fraction thereof, and $5 for each additional $10,000, or fraction thereof. Other small fees to secretary of state. No annual franchise tax.

Foreign corporations before admission must file a sworn statement showing, *inter alia,* the proportion of their capital stock represented by property located and business transacted in the state. Same fees to be paid upon capital stock as by domestic corporations. Act not applicable to manufacturing corporations nor to corporations engaged only in loaning money, nor to agricultural corporations for the purpose of raising live stock and cultivating and improving farms.

By G. S. 1894, § 3425 foreign corporations so admitted and remaining in the state are held to be domestic corporations entitled to their rights and subject to their disabilities. It has never been settled that this statute can so disturb the contract of membership as to impose upon the stockholders of such foreign corporations the double liability feature of the Minnesota system. None of these provisions as to foreign corporations are applicable where they are engaged wholly in interstate commerce.

While residents incorporating under the law of another state must pay incorporation fees in both states, (to engage in domestic commerce) the additional expense would seem to be preferable to the burdens of the domestic double liability law.

MISSISSIPPI.

May begin business as soon as the amount fixed by the articles of incorporation is paid in. At least two incorporators. Maximum capital ordinarily $250,000, manufacturing corporations $1,000,000. Corporate life fifty years with right of renewal.

No annual statements. Debts of manufacturing corporations not to exceed capital stock paid in. Cannot hold stocks of other companies. Preferred stock permitted. No meetings are required to be held within the state except the meeting for organization.

Original subscriber liable for debts contracted during his ownership to the amount of his unpaid subscription and all stockholders liable for debts to an amount equal to the unpaid portion of stock held by them, the latter liability following the stock in the hands of transferees.

Fees. If stock does not exceed $10,000, $20; from $10,000 to $30,000, $40; from $30,000 to $50,000, $60; if over $50,000, one-tenth of one per cent, but in no case more than $250. No annual franchise tax. Foreign corporations upon admission pay $15.

Residents desiring to incorporate for more than $250,000 necessarily seek other states. If for a less capital, they find in other systems less personal liability, relief from the requirement that the entire capital must be paid in before commencing business, perpetual corporate life and the right to hold stocks of other companies.

MISSOURI.

Articles of incorporation must show that all of the authorized capital stock has been subscribed in good faith and that one-half thereof has been actually paid in in lawful money of the United States certified to be in the custody of the directors. Increases of stock are subject to this requirement.

Minimum $2,000, maximum $10,000,000. Corporate life fifty years. Annual reports required, showing, *inter alia,* cash value of real and personal estate. Bonded debt not to exceed the authorized capital. No express power to hold stocks of other corporations. Books open to inspection by stockholders. Preferred stock permitted by unanimous consent.

Three directors must be citizens and residents. Meetings of stockholders, unless unanimous, must be held within the state. Meetings of directors to be held at the general office within the state.

The stockholder is liable for the debts of the corporation for any amount unpaid on his stock and no further. R. S., § 2517; Const. Art. XII, § 9. Original subscriber ceases to be liable to creditors for unpaid deficiency after recorded transfer made in good faith, all assessments to that time being paid and before execution against the company is returned unsatisfied. 76 Mo. 384.

Fees. $50 for the first $50,000 or less and $5 for each additional $10,000 thereafter. No annual franchise tax. Foreign corporations, upon admission, pay a license fee of $10 and upon the proportion of its capital stock represented by property and business in Missouri corporation fees equal to those paid by domestic corporation. Such fee cannot be exacted from foreign corporations engaged wholly in interstate commerce.

While the rule of liability is as favorable as that of any state except Maine or West Virginia, residents incorporating elsewhere are freed from the requirement of subscribing for all of the authorized capital and paying in one-half in cash. They also secure perpetual corporate life, the right to hold stocks in other companies, the power to issue preferred stock by majority vote, greater latitude in issuing bonds, and relief from many regulative features of the statutes that should be left to the by-laws. The increased privileges would seem to warrant the payment of the additional incorporation fees required from foreign corporations engaged in domestic commerce.

The courts of Missouri have taken strong ground against the validity of charters procured under some circumstances by its citizens in other states. In the decided cases no business was to be or could be transacted in the incorporating state. There would seem to be no doubt as to the future position of the court where the corporate purposes are stated broadly and clearly embrace the power of complete interstate action in the state of its creation and elsewhere.

MONTANA.

No provision as to amount of stock to be subscribed or paid in before commencing business. No limit to amount of stock. Corporate life forty years.

Annual reports required showing, *inter alia*, capital paid in and existing debts; penalty, directors jointly and severally liable for all the debts of the company. No express power to hold stocks of other companies. No provision for preferred stock. Stockholders meetings to be held within the state. Directors not to exceed thirteen. Debts not to exceed the capital stock.

Stock (code § 410) may be issued for the purchase of mines and any arbitrary value fixed upon such mines; such value shall, regardless of the actual value, be deemed the value thereof, so as to make the stock issued in payment thereof, at such arbitrary value, full paid stock.

Stockholders, except in mining companies, are liable to creditors to an amount equal to the unpaid stock held by them for all acts and contracts until the whole amount of capital stock shall have been paid in. The transferee, therefore, is so liable.

Fees. Fifty cents on each $1,000 up to $1,000,000, and twenty-five cents on each $1,000 in excess of $1,000,000, minimum fee $20. No annual franchise tax.

Foreign corporations file, on admission, statement showing, *inter alia,* stock paid in in money, stock otherwise paid in and in what, assets in detail and their cash value, and liabilities. Fees on filing same, $25. Same annual reports as domestic corporations, with fee of $5. No other fees required (17 Mont. 41). No peculiar restrictions upon foreign corporations.

Except as to mining companies, the system has no advantages for non-residents. Residents, not incorporating for mining purposes, would in other states secure the right to issue preferred stock, perpetual corporate life, pay less initial fees, and be relieved from the personal liability incident to failure to pay in entire capital stock, giving greater freedom in the sale of stock upon properties having an undeveloped value.

NEBRASKA.

No provision fixing amount of stock to be subscribed or capital to be paid in before commencing business. No limit to amount of stock. Corporate life unlimited. Notice of articles to be published four weeks.

Notice showing indebtedness to be published annually. Debts not to exceed two-thirds of the capital stock. No statutory provision as to holding stocks of other companies. No provision as to preferred stock. By-laws must be posted for public inspection.

After the corporate property is exhausted, the original subscribers shall be individually liable to the extent of their unpaid subscriptions and the liability for such unpaid subscriptions shall follow the stock. Cons. Art. XI, § 4. For failure to publish the annual notice of indebtedness, stockholders are liable jointly and severally, after exhaustion of corporate assets, for all existing debts and such as may be contracted before such notice is published to the amount of their unpaid subscriptions and in addition thereto to an amount equal to their stock.

Fees. Domestic or foreign, ten dollars, and if capital stock exceeds $100,000, ten cents for each additional $1000. No annual franchise tax.

Although incorporation abroad, (if any part of business is domestic commerce in Nebraska) requires double fees, residents escape the strict personal liability of their local statutes, have greater latitude as to indebtedness, and a clearer right to issue preferred stock. The fees imposed upon foreign corporations are not collectible if they are engaged wholly in interstate commerce.

NEVADA.

No provision fixing maximum or minimum capital. Nothing to be paid in. Corporate life fifty years. No provision for changing or amending certificate. Stock increased or decreased by two-thirds vote of all the shares after two weeks' notice by publication.

No annual statement required. Debts not to exceed the stock actually paid in; penalty, directors causing excess jointly and severally liable for debts so created. Books open to inspection by stockholders. As a general rule, no express power to hold stocks of other companies. No statutory provision for preferred stock.

Stockholders are liable only for the amount that may be unpaid on the stock subscribed for by them, and, where assigned to another, the original holder remains liable upon his subscription.

Fees are nominal, to secretary of state $5 and county clerk twenty-five cents a folio. No annual franchise tax. Foreign corporations publish annually a statement of their business for the preceding year.

The limitation upon corporate life and upon indebtedness, as well as want of power to issue preferred stock make this system undesirable for non-residents and suggest advantages to residents seeking other systems.

NEW HAMPSHIRE.

May begin business upon full payment of authorized capital. Limit of capital stock, $1000 to $1,000,000. Shares $25 to $500. Corporate life unlimited. At least five incorporators.

Annual statements required from dividend-paying corporations showing assessments actually paid in, debts due to and from corporation and value of all property and assets; penalty, treasurer and directors are individually liable for all debts and contracts until such return is made. Debts not to exceed one-half of property, otherwise directors liable for such excess.

No statutory power to hold stocks of other companies. Preferred stock permitted. No certificate of stock to be issued until fully paid for. Voting restricted so that no single shareholder can individually or through proxies vote more than one-eighth of capital stock. Books and records accessible to stockholders and creditors.

The original subscriber to stock remains liable for debts to the extent of his unpaid subscription although his stock is subsequently assigned. Every stockholder is so liable until a certificate is filed showing full payment of entire authorized capital, and not afterwards.

Fees. If to carry on business outside the state, if capital does not exceed $25,000, $10; from $25,000 to $100,000, $25; from $100,000 to $500,000, $50; from $500,000 to $1,000,000, $100; above $1,000,000, $200. No annual franchise tax. No incorporation fees required from foreign corporations, and as a general rule no particular requisites for admission.

Residents incorporating abroad secure the right of capitalizing in excess of $1,000,000, issuing shares for less than $25, need not file annual statements, have no limit of indebtedness, are not required to pay in entire capital before commencing business, may hold stocks of other companies, have free power of voting, need not expose books to creditors, and escape the strict personal liability of their home system.

NEW JERSEY.

Before commencing business one thousand dollars must be subscribed, but nothing need be paid in. Minimum capital $2000, maximum unlimited. Par value, any amount. Corporate life practically unlimited.

Certificate of incorporation must state not only the corporate purposes but the corporate powers in detail and as fully as in a special legislative charter; as powers not specifically set out cannot be exercised the drafting of such certificates requires care and long experience. An amendment of the certificate calls for a state fee of $20.

Annual statement must show, *inter alia,* amount of stock issued. No limitation upon indebtedness. May hold stocks in other companies. Preferred stock not to exceed two-thirds of capital paid in and its dividends not to exceed eight per cent per annum. Meetings of stockholders to be held within the state.

One resident director required. Stock and transfer books open to the inspection of stockholders must be kept within the state. Two-thirds vote required to change name, increase or decrease stock, change par value or create preferred stock. Statutes contain many provisions usually left to the free action of stockholders in their by-laws, such as requirement that directors shall first pass upon all proposed changes, that transfer books shall be closed for twenty days preceding any election and other like details.

Every corporation must maintain a principal office within the state and have an agent in charge thereof, authorized to transfer stock. It must be an actual place of business, accessible to the public, the agent to be in charge of the office at all times during business hours. Whether in the light of this explicit statute, the common practice in

New Jersey of designating a trust company or the office of an attorney as a bona fide "principal office" will prevent the raising of grave questions in the future is a matter of doubt. Vide, *Booth* v. *Wonderly*, 36 N. J. Law, 250. If in fact a sham office, Mr. Dill in his work on New Jersey corporations admits that such a corporation may be ordered to leave any state into which it migrates, *Land Grant etc. Co.* v. *Coffey County*, 6 Kans. 245.

The visible personal property of a corporation is taxed in the township or ward where such property is found and other personal property where its principal office is. Gen. St. p. 3294, § 67; Dill on New Jersey Corporations, p. 106. A dangerous liability for non-residents incorporating under the laws of this state, although not yet made use of by local authorities. But every corporation must have a principal office in some town in New Jersey and subject itself to the legal power of the local assessors.

Stock may be issued for property and in the absence of actual fraud in the transaction the judgment of the directors as to the value of property so purchased shall be final and conclusive, but in all annual reports a statement shall be made showing the fact. When capital stock is fully paid in, sworn certificate to be filed with secretary of state.

Stockholders are liable for the debts of the corporation to the amount which remains unpaid upon their subscription to the capital stock or upon the shares of stock held by them. If stock, therefore, is originally sold for less than par or through the fraud of directors is issued for property at an over-valuation and is therefore legally unpaid in full, then in both cases the liability for the deficiency follows the stock in the hands of transferees. In *Hood* v. *McNaughton*, 54 N. J. Law, 425, held that while the original subscriber ceases to be liable after bona fide transfer the transferee cannot obtain immunity in that way. Cited, Dill on New Jersey Corporations, p. 39. *Vide*, also, *Hebberd* v. *Southwestern Cattle Co.*, 55 N. J. Eq. 18. Yet, with a plain statute, judicially construed, the corporation trust companies of New Jersey, flooding the country with advertising matter, have the audacity to assert that "stockholders are not liable for corporate debts."

Fees. Minimum $25. Rate, twenty cents for each thousand dollars. Changes of name and similar changes $20. Annual franchise tax, one-tenth of one per cent on stock issued up to and including $3,000,000, on stock issued exceeding $3,000,000 and not exceeding

$5,000,000, one-twentieth of one per cent, when so in excess of $5,000,000, the sum of $50 for each million or any part thereof. Also incidental fees of about $15. Foreign corporations are admitted on payment of $10 and pay no annual franchise tax.

While New Jersey by extensive official advertising claims to be the best home for corporations, her citizens would gain equal safety and greater corporate liberty by incorporating elsewhere, notably in Maine. The advantages would be the requirement that but three shares of any par value need be subscribed, a minimum capital of but $1000, freedom from stating corporate powers in the certificate, greater liberty in issuing preferred stock, less statutory power lodged in directors, controled by majority in many matters instead of by two-thirds, more flexibility in by-laws, the same power to issue full-paid stock for property, less personal liability and less expense for incorporation fees and the annual franchise tax. In other words, even residents of New Jersey can get abroad all that their own statutes offer and with an equal degree of safety obtain greater corporate advantages at much less initial and annual cost.

If the systems of other states (like Maine for illustration) were more carefully studied and analytic comparison made, residents of other states would not incorporate under the laws of New Jersey.

NEW MEXICO.

No particular amount of stock to be subscribed before commencing business. Nothing to be paid in. No minimum or maximum capital. Corporate life fifty years with right of renewal for fifty.

No annual statements. Debts not to exceed capital stock, otherwise directors voting for excess liable. No express power to hold stocks of other companies. No provision for preferred stock. One-third of directors to be residents. Meetings of stockholders may be held outside of the territory when a majority of the stock is owned by non-residents.

Stockholders are liable to the extent of amount unpaid upon their stock but liability after transfer doubtful as there is no express provision fixing such liability and the statute lacks judicial interpretation.

Fees. Domestic and foreign. Mining, milling or smelting, $25 if capital is $100,000 or less, and $5 for each additional $100,000 or fraction thereof; cultivation of sugar beets, manufacture and sale of beet sugar, constructing irrigating ditches and dams, colonization and improvement of lands. $15 if capital is $50,000 or less, and $1 for each additional $10,000 or fraction thereof; other corporations, $10 if capital stock is $10,000 or less, and $2 fo each additional $5,000 or fraction thereof. No annual franchise tax.

Although required to pay double fees to engage in domestic commerce residents incorporating abroad secure perpetual corporate life, freedom as to indebtedness, power to issue preferred stock and to hold stocks of other companies, together with less personal liability, (if organized in Maine or West Virginia).

NEW YORK.

At least $500 capital stock required. No subscription which is payable in money to be received until ten per cent is paid thereon in cash. No limit to amount of stock. Shares from $5 to $100. Corporate life practically unlimited. One-half of capital stock must be paid in within one year from incorporation or the corporation liable to be dissolved; action can only be commenced by state.

Annual statements required showing, *inter alia,* amount of stock issued, indebtedness and assets; penalty, if report is not made by president, vice-president, secretary or treasurer upon written request of any creditor or stockholder within ten days, the officer so requested forfeits $50 for each day he so neglects. As a general rule power to hold stocks of other companies, provided articles of incorporation so state. Preferred stock permitted by two-thirds vote.

One resident director. Alteration of corporate purposes and similar matters require three-fifths vote. Stock books to be kept within the state open to inspection of stockholders and creditors. Meetings of stockholders and directors should be held within the state; *vide,* Ormsby v. Vermont Copper Co., 56 N. Y. 623. Provision is made giving stockholders under certain limitations right at any time to demand and receive full financial statement.

Statutory system minutely regulates many matters usually left for by-laws, for illustration requiring cumulative voting in election of directors. No limit to bonds but must be authorized by two-thirds of stockholders.

Stock may be issued in exchange for property and in the absence of fraud the judgment of the directors as to the value of property so purchased is final.

Stockholders are liable to creditors, after return of execution against the corporation unsatisfied in whole or in part, to an amount equal to the amount unpaid on the stock by them held for every debt of the corporation incurred while the stock was so held by them. Such debt must be payable within two years, action brought against corporation within two years after due and against stockholder within two years after bona fide transfer. No liability for future debts after transfer. Under certain limitations, stockholders are liable for debts to laborers, servants or employes.

Under an exhaustive system of corporate returns domestic corporations, in addition to local taxation upon their real estate, liable to municipal taxes upon their personal capital in the tax district where the principal office of the company is located.

Organization fees are ten dollars to Secretary of State and fifteen cents per folio, to County Clerk, six cents for filing and ten cents per folio, and to State Treasurer one-twentieth of one per cent upon the authorized capital stock.

An annual franchise tax is required to be computed on each dollar of capital stock authorized at the rate of one-eighth of one per cent of dividends made and declared during the preceding year, if such dividends exceed six per cent upon the par value of such capital stock; if such dividends do not exceed six per cent, the tax rate is one and one-half mills upon such portion of the capital stock at par as the amount of capital employed in the state bears to the entire capital; if no dividend is made and declared, the tax rate shall be one and one-half mills upon each dollar of the appraised capital employed within the state. If more than one kind of stock and upon one of such kinds of stock dividends of six per cent, or more, are made and declared, and none upon the other kind, or are less than six per cent, then the tax rate shall be one-quarter of a mill for each one per cent of dividends made and declared upon the capital stock upon which the dividends amount to six per cent, or more, and in addition thereto a tax shall be charged at the rate of one and one-half mills upon every dollar of the valuation of the capital stock upon which no dividend is made or declared or upon the par value of which the dividends made or declared did not amount to six per cent. The valuation so referred to is made upon the basis of average sales of stock during the year. Sundry corporations are exempt, including manufacturing corporations, to the extent of their capital employed in the state.

Foreign corporations, except those wholly engaged in carrying on manufactories within the state, pay, before admission, a license fee of one-eighth of one per cent computed upon the basis of the capital stock employed within the state during the first year of business in the state. They also pay the same annual franchise tax as domestic corporations, to be computed upon the basis of their capital employed within the state. Corporations engaged wholly in manufacturing or mining are exempt. The same annual reports are required as from domestic corporations and the statute attempts to create the same personal liability against officers, directors and stockholders incident to stock in domestic corporations,

While it is plain that non-residents can find but little to attract them to this state, residents can well afford to pay a double annual franchise tax, one in New York and one in the incorporating state. By incorporating elsewhere they save materially upon their organization fees, are not in the first instance required to pay ten per cent of their cash subscriptions, may issue shares for less than $5, are not required to pay in one-half of the capital stock during the first year, can control corporation by majority vote, need not open stock books to creditors, and can control corporate action through by-laws adapted to their needs and issue bonds without limit. Whether the statutes of New York imposing rules of personal liability differing from those of the state chartering the corporation are a valid exercise of the right to impose conditions for admission has never been decided and is questionable. In the matter of municipal taxation, while the state under an express statute can assess locally the personal capital of domestic corporations at the place where under the statute a principal office must be maintained, the statute cannot reach the intangible property of a foreign organized corporation. In this particular it would seem that the burdensome rule of municipal taxation of domestic corporations would drive residents to seek charters from other states even at the expense of a double annual franchise tax. Later in this pamphlet this problem is illustrated by figures of comparative expense. If such foreign organized corporation is engaged wholly in interstate commerce, or employs but a small part of its capital in domestic commerce in New York, the advantage of incorporating abroad is apparent.

NORTH CAROLINA.

Nominal amount of stock to be subscribed before commencing business. Nothing to be paid in. Stock cannot exceed $1,000,000. Corporate life practically unlimited.

Annual statements required showing, *inter alia,* shares issued, amount paid in, dividends, surplus, and prices of sales of stock during year. The corporation pays local taxes upon these data. No limitation upon indebtedness. May own stocks in other companies. Preferred stock permitted. Certificates of incorporation must state corporate powers, in addition to corporate purposes, as in New Jersey. (See act of 1901.) Much of the system of this state is borrowed from New Jersey.

Stock may be paid for otherwise than by money, but such payments must be made in good faith and the property not fraudulently overvalued. Where stock is transferred as fully paid to a bona fide purchaser for value, without notice of the fact that it is not legally full paid, such transferee is not liable for the deficiency.

Fees for incorporation twenty cents upon each $1000, but no fee less than $20. An annual franchise tax, graduated according to capital stock, from $5 for $25,000 to $200 for $1,000,000. Foreign corporations pay no admission or annual fees but make annual reports.

Residents seeking other states can incorporate at less expense, pay smaller annual franchise tax, incorporate for more than $1,000,000, and (if in Maine or West Virginia) transferees of unpaid stock even with notice escape personal liability.

NORTH DAKOTA.

No provision as to amount of subscription or capital to be paid in before commencing business. No limit to amount of stock. Corporate life twenty years. No annual statements.

No express power to hold stocks of other companies. No provision as to preferred stock. If debts exceed capital stock, assenting directors liable for such excess. Requires two-thirds vote to issue bonds. Directors three to eleven, one to be resident. Cumulative voting at elections compulsory.

Returns for purposes of municipal taxation required showing, ***inter alia,*** capital paid in, actual or market value of shares, indebtedness, value of real and personal property.

Every stockholder is liable for all corporate debts to the extent of the amount legally unpaid upon the stock held by him. Under certain limitations stockholders of manufacturing and mining corporations are liable for debts due to laborers.

Fees (general rule) $50 for the first $50,000 or fraction thereof, and $5 for each additional $10,000 or fraction thereof. No annual franchise tax. Foreign corporations admitted on payment of nominal fees.

Residents incorporating abroad secure perpetual corporate life, power to hold stocks in other companies, clear authority to issue preferred stock, pay smaller organization fees and incur less personal liability, (if organized in Maine or West Virginia).

OHIO.

Before commencing business, ten per cent of the authorized capital stock must be subscribed, but not more than ten per cent of the amount subscribed need be paid in cash.

At least five incorporators, majority to be citizens of Ohio. No limit to capital stock. Charters perpetual.

Annual returns required for purposes of taxation. Bonds may be issued not in excess of the maximum capital stock. Directors five to fifteen. Cumulative voting for election of directors permitted. Limited right to hold stocks of other companies. Preferred stock permitted, dividends not to exceed eight per cent per annum.

Under the Constitution every stockholder is liable to creditors in double the amount of stock subscribed for or owned by him. Liabilities incurred subsequent to any assignment or transfer do not attach to the assignor. The constitutional liability follows the stock in the hands of all transferees.

Fees for filing articles of incorporation when stock is $10,000 or under $10.00; over $10,000, one-tenth of one per cent.

Annual franchise tax, one-tenth of one per cent upon stock subscribed or issued and outstanding.

Foreign corporations (for purposes of profit) before admission file statement showing, *inter alia,* value of property owned by and used in Ohio and likewise outside of Ohio, and proportion of capital stock represented by property owned and used and by business transacted in Ohio. The admission fee is one-tenth of one per cent computed upon the proportion of the capital stock so employed in Ohio. A like annual fee must also be so paid. These provisions do not apply if such corporation is engaged wholly in interstate commerce.

While residents incorporating abroad pay double organization fees (if capital is all employed in domestic commerce in Ohio) they are relieved from the burden of the constitutional double liability, need not subscribe ten per cent, have full liberty as to bonded indebtedness, can issue preferred stock with dividends exceeding eight per cent, and have larger liberty in corporate management.

OKLAHOMA.

May begin business when certificate of incorporation is filed and the stock subscribed for. Nothing need be paid in. One-third of incorporators to be residents. Corporate life unlimited.

Annual listing of property for municipal taxation. Debts not to exceed capital stock. No statutory power to hold stocks of other companies. No provision for preferred stock. From three to eleven directors, one-third to be residents. Stock and transfer books to be kept within the state. By-laws open to public inspection. Annual meetings within the territory, but special meetings may be held elsewhere. Original subscriber to stock liable to creditors to extent of amount unpaid, although stock since assigned. All stockholders, whether subscribers or transferees, liable for amounts in fact unpaid upon their stock. Shareholders are not liable for debts exceeding the amount of the capital stock, but the officers and directors are.

Fees. $5 for filing and $3 for certificate. Foreign corporations pay nominal fees. No system of annual franchise taxation or license fees.

The nominal fees may attract some non-residents to this territory, but by paying fair fees elsewhere they would secure the right to begin business without subscription of the entire capital, be relieved from having one-third of their directorates made up of residents of the territory, keep their stock books (if organized in Maine) where they please, issue preferred stock, have full freedom as to indebtedness, and (when organized in Maine or West Virginia) have less personal liability on stock held by subsequent purchasers. The advantages, even for residents, if incorporated elsewhere, are apparent. The system gives much freedom, but is burdened with a personal liability following the stock in the hands of every holder.

OREGON.

Before commencing business one-half of the authorized capital stock must be subscribed but nothing need be paid in. No limit to amount of stock. Corporate life practically unlimited.

No annual statements. No limitation upon indebtedness. No express power to hold stocks of other companies. No provision as to preferred stock. All books subject to inspection by parties interested. Majority of directors to be residents. Personal property taxable at principal office within the state.

A stockholder voluntarily selling his stock is liable to existing creditors for the unpaid balance due on such stock. The purchaser is also liable and in the first place, § 3230. The limitation statute thereon is six years.

The organization fees are for secretary of state $3 to $4 and for county clerk about $1.25. No annual franchise tax. No requisites are exacted from foreign corporations.

The non-resident, notwithstanding the nominal fees, is repelled by the requirements that one-half of the authorized capital stock must first be subscribed, that a majority of the directors must be residents and that purchasers of stock from the original takers are responsible for full payment of such stock although this latter requirement is common to all corporate systems except those of Maine and West Virginia.

Residents, incorporating elsewhere, are relieved from the requirements of subscribing in the first instance for one-half of the stock, may hold stocks of other companies, issue preferred stock, and, (if organized in Maine or West Virginia) issue stock for cash, property or services that second takers may purchase with absolute freedom from personal liability although bought with full notice of its being in fact unpaid in full.

PENNSYLVANIA.

Before commencing business ten per cent to be paid in as a general rule. Articles to be published once a week for three weeks in two newspapers. Maximum capital $30,000,000. Corporate life unlimited.

Annual statement of condition and value and amount of stock. May borrow money at a rate not exceeding six per cent per annum to an amount double the stock paid in. Generally, no power to hold stocks of other companies. No statutory provision for preferred stock. Generally, annual meetings must be held within the state. Usual rule limits directors to fifteen.

Subscriber cannot cast off his liability by transfer of his stock. Usual rule appertains that each holder is liable to creditors for the actual deficiency in the full payment for stock by him owned or held. Special liability to amount of par value of stock for debts due operatives. Directors are jointly and severally liable to the extent of the excess of indebtedness over the amount of the capital stock.

Fees. On filing articles, from $25 to $40, (generally about $35), on organization $5 and to the state treasurer one-third of one per cent upon the authorized capital stock. No annual franchise tax, as such, but annual state tax depending upon business carried on; for details the reader is referred to the statutes.

Foreign corporations, before admission, if they have any part of their capital employed in Pennsylvania, pay one-third of one per cent upon such capital so employed or to be employed wholly within the state. This provision cannot apply to capital used wholly in interstate commerce. No annual tax or license fee especially applicable to foreign corporations. No liability imposed upon shareholders for debts incurred by such corporations within the state. Are restricted in holdings of real estate, but with many exceptions broadening by progressive legislation.

Non-residents are not likely to seek this system with its requirement that ten per cent must be paid in before commencing business, restriction upon indebtedness, doubtful power to issue preferred stock, rules of personal liability, and heavy fees.

On the other hand, residents seeking admission to their own state as a foreign corporation must pay, in addition to the fees of the incorporating state, the fee of one-third of one per cent upon their capital employed within the state in purely domestic commerce, but they gain greater freedom of corporate management, clear authority to issue preferred stock, undoubted power to hold stocks of other companies, the right to begin business without paying in ten per cent, no limitation upon indebtedness and (if they organize in Maine or West Virginia) a materially diminished personal liability.

RHODE ISLAND.

No particular amount of stock to be subscribed before commencing business. Nothing need be paid in. No limit to amount of stock. Corporate life unlimited.

No annual statements. Debts not to exceed the amount of the capital stock actually paid in. No express power to hold stocks of other companies. Preferred stock permitted. Transfer books to be kept within the state.

Stockholders jointly and severally liable for all debts until authorized stock is paid in full and certificate thereof made and recorded. Similar liability upon directors.

Fees. Upon the first $100,000, or fraction thereof, $100; upon each additional $100,000, or fraction thereof, one-tenth of one per cent. No annual franchise tax. No admission fee required from foreign corporations.

Nothing in this system attracts non-residents. Residents incorporating abroad save materially in organization fees, have full liberty as to indebtedness and far less personal liability, (the least if organized in Maine).

SOUTH CAROLINA.

Before commencing business fifty per cent of authorized capital must be subscribed and twenty per cent of such subscriptions paid in. At least two incorporators. No limit to amount of stock. Corporate life unlimited.

No annual statements. Limit of indebtedness fixed by stockholders. Express power to hold stocks of other companies. No power to issue preferred stock except by special legislation. Directors not to exceed nine. Books accessible to stockholders.

By section 18, article 9, of constitution, the stockholders of all insolvent corporations are individually liable to creditors only to the extent of the amount remaining due to the corporation upon the stock owned by them.

Fees. $5 for capital stock of $5000 or less; $10 if more than $5000 up to $25,000; $15 if more than $25,000 up to $50,000; $20 if more than $50,000 up to $100,000; $25 if more than $100,000 up to $250,000; and $1 for each additional $10,000 or fraction thereof. No annual franchise tax.

Foreign corporations pay no admission fees, have no special liability as to debts, but must make annual returns showing, *inter alia,* amount of stock paid in.

To the non-resident the requirements as to commencing business are a bar. Residents, incorporating abroad, are relieved from this requirement, may issue preferred stock, and (if organized in Maine or West Virginia) do business with less personal liability.

SOUTH DAKOTA.

May commence business when three shares are subscribed. Nothing to be paid in. One-third of incorporators to be residents. No limit to amount of stock. Corporate life of manufacturing, mining or industrial corporations twenty years; others unlimited.

Manufacturing, mining and industrial corporations required to publish annual statements showing, *inter alia*, amount of stock paid in, and debts due to and from the company; others exempt. Debts of no corporation can exceed the subscribed capital. No express power to hold stocks of other companies. No statute permitting preferred stock.

Directors not to exceed eleven. Stockholders and directors must hold meetings at principal office, by implication within the state, but see Wright v. Lee, 2 S. D. 596, holding that creditor cannot object to legality of election of directors elected at meeting held out of the state. Stock and transfer books to be kept within the state open to inspection of stockholders and creditors. Book of by-laws open to public inspection. Under the constitution sixty days' notice required before increasing stock. Increase or decrease of stock by three-fourths vote. Amendments and changes require three-fourths vote representing at least two-thirds of stock.

No provision for ascertaining value of property purchased by stock. Each stockholder is liable for all debts to the extent of the amount legally unpaid upon the stock held by him. Liability follows all transferees. Assenting directors are liable for debts in excess of capital subscribed.

Fees are nominal; to the secretary of state $10 and ordinary fees incident to recording in registry of deeds. No annual franchise tax.

Foreign corporations pay no admission fee, have no special liability as to debts and are subject to no unusual requirements.

Owing to the nominal fee, this state has sought by extensive advertising during the past year to attract the business of other states. It is claimed that the corporation may "hold all meetings, transact all business and keep all books outside of the state, if desired." In fact the statute requires all meetings of stockholders and directors to be held at the principal office; in the absence of a contrary judicial decision, the uniform construction would be that the office within the state is contemplated.

Again, may "issue fully paid stock in payment for services and other property, including patents, besides cash." As the statute lays down no rule for fixing valuations, the judgment of the directors, honest or otherwise, upon values of property so received is reviewable by the court as in all other jurisdictions.

Again, may "limit stockholders liability to unpaid balance on stock subscribed" but by Comp. Laws § 2933 the liability attaches to all stock issued, whether subscribed or sold, and follows the stock in the hands of all transferees, who in case of insolvency must make good the deficiency on all stock originally sold or issued at less than par or put out for property found by the court to have been in fact undervalued when received. The holder of South Dakota stock can never know the limit of his contingent liability.

Non-residents seeking this state can incorporate for a nominal fee, but they fail to acquire the right to issue preferred stock, must keep stock and transfer books within the state, are limited in creation of indebtedness and they put upon the purchasers of their stock a contingent personal liability not to be found in such states as Maine and West Virginia. Even residents in many cases could well afford to pay reasonable fees to secure greater corporate freedom.

TENNESSEE.

No particular amount of stock to be subscribed or paid in before commencing business. At least five incorporators. No maximum capital. Corporate life unlimited.

No annual statements from ordinary business corporations. Ordinarily no limitation upon indebtedness but debts of manufacturing corporations must not exceed the capital stock. Five directors required. Authority to issue preferred stock doubtful, although in use. No statute permitting the holding of stocks of other companies.

Stockholders liable to creditors for amount unpaid on stock held by them. Special liability upon debts to servants and employes.

Fees. $13 and one-tenth of one per cent on authorized capital. No annual franchise tax. Foreign corporations pay admission fees of $120 and are subject to no special liabilities.

The liability feature and initial fees tend to repel non-residents and to some extent make the systems of other states of more advantage to residents.

TEXAS.

Before commencing business fifty per cent of the authorized capital must be subscribed and ten per cent of such capital paid in, but these provisions are not applicable if $100,000 is paid in in cash. At least three incorporators, two to be citizens of the state. No limit to capital stock. Corporate life practically unlimited.

No annual statements required. Debts not to exceed the capital stock. No express power to hold stocks of other companies. No statutory provision as to preferred stock. Stock may be doubled but no power to decrease. Under constitutional inhibition against perpetuities, the right to hold real estate restricted, as a general rule, to a fifteen year tenure.

Stockholders are liable for the debts of the corporation to the extent to which they are respectfully indebted to the corporation for unpaid subscriptions on their stock.

Domestic corporations pay an annual franchise tax of $10 when authorized capital is not more than $50,000; $20 when such stock is more than $50,000 and less than $100,000; $30 when $100,000 and less than $200,000; $50 when $200,000 or more.

Foreign corporations pay an annual franchise tax of $25 when authorized capital is $25,000 or less; $100 when such capital stock is more than $25,000 and not exceeding $100,000; and in addition $1 on every $10,000 of such stock in excess of $100,000 and not exceeding $1,000,000, and a further additional tax of $1 for every $100,000 in excess of $1,000,000.

Foreign corporations before admission also pay for a ten year permit the following admission fees: $25 of capital stock is $100,000 or less; if more than $100,000 and less than $500,000, $50; if more than $500,000 and less than $1,000,000, $100; if the capital stock exceeds $1,000,000, $200. The courts hold that this law does not apply to corporations engaged wholly in interstate commerce.

Non-residents are not likely to use a system requiring fifty per cent to be subscribed, with the limitation above fixed upon indebtedness. On the other hand, the taxation of foreign corporations tends to encourage incorporating under the home system, unless the business is to be wholly that of interstate commerce when obviously superior corporate facilities are found in the laws of other states.

UTAH.

Before commencing business each stockholder must pay in ten per cent of his subscription, and such payments must equal ten per cent of the authorized capital. At least five incorporators, one to be a resident. No limit to amount of stock. Corporate life not less than three nor more than one hundred years.

No annual statements. No limitation upon indebtedness. No express power to hold stocks of other companies. No provision permitting preferred stock. Directors three to twenty-five, one-third to be residents. All books accessible to stockholders.

The individual property of the holders of legally full paid stock is not holden for corporate debts. Transferees are holden if stock is in fact not full paid.

Domestic corporations pay an initial fee of twenty-five cents on each one thousand dollars of capital stock. No annual franchise tax. Foreign corporations, if engaged in domestic commerce, pay, on admission, the same fee as domestic.

While the initial fees repel non-residents, to the resident there are many advantages in incorporating elsewhere, such as the right to commence business with no capital paid in, of holding stocks of other companies, of issuing preferred stock and (only when organized in Maine or West Virginia) less personal liability. If engaged wholly in interstate commerce, residents so incorporating abroad would be relieved from paying the admission fee the law purports to exact from all foreign corporations.

VERMONT.

Before contracting debts one-fourth of capital must be paid in. At least five incorporators. Capital from $500 to $1,000,000. Corporate life unlimited.

Debts not to exceed two-thirds of capital paid in, otherwise the assenting directors are liable for such excess. No statutory power to hold stocks of other companies. No provision permitting preferred stock. Two resident directors required. All books and papers accessible to stockholders.

Under the listing law each domestic corporation must make an annual return of its property for local taxation. As the situs of the intangible personal property of a foreign corporation is in the state of its creation it would seem from this general rule and from the language of the statute that such corporations are not so required to list such property.

All stockholders are individually liable to creditors to an amount equal to the amount unpaid on the stock held by them respectively. Such liability follows the stock in the hands of all transferees.

Fees. If capital does not exceed $5,000, $10; if it exceeds $5,000 and does not exceed $10,000, $25; if it does not exceed $50,000, $50; if it exceeds $50,000 and does not exceed $200,000, $100; if it exceeds $200,000 and does not exceed $500,000, $200; if it exceeds $500,000, $300. Domestic and foreign corporations pay an annual franchise tax of $10 if its capital stock is $50,000 or less and for each $50,000, or fractional part in excess, $5, but no tax to exceed $50.

The requirement that one-fourth of capital must first be paid in, limitation upon indebtedness, want of power to issue preferred stock, rule of two resident directors and limit of capital tend to repel non-residents. For like reasons, except as to directorate, residents gain advantages in these particulars abroad and less personal liability (if organized in Maine or West Virginia.)

VIRGINIA.

Before commencing business the minimum capital permitted must be subscribed. Nothing need be paid in. No minimum or maximum capital. Corporate life of manufacturing and mining corporations thirty years, others perpetual. At least five incorporators required.

Annual statements required from both domestic and foreign corporations showing list of stockholders, holdings and residence of each. No limitation upon indebtedness. As a general rule no power to hold stocks of other companies. No provision as to preferred stock.

When stock not fully paid up is assigned both the assignor and the assignee are liable to creditors for what is or may become due upon it.

Fees. For a company with a capital of $5,000 or under, $15; over $5,000 and not to exceed $10,000, $30; over $10,000 and not to exceed $25,000, $45; over $25,000 and not to exceed $50,000, $75; over $50,000 and not to exceed $100,000, $120; over $100,000 and not to exceed $300,000, $195; over $300,000 and not to exceed $500,000, $270; over $500,000 and not to exceed $800,000, $345; over $800,000 and not to exceed $1,000,000, $450; over $1,000,000, $600. No annual franchise tax.

Foreign corporations are admitted without restrictions or fees.

Non-residents and residents alike find in other states systems at less cost and a diminished personal liability upon stock in the hands of subsequent purchasers (if organized in Maine or West Virginia.)

WASHINGTON.

Before commencing business the whole amount of authorized capital must be subscribed, but there is no provision specifying the amount to be paid in. At least two incorporators. No minimum or maximum capital. Corporate life fifty years.

No annual statements of condition. No limitation upon indebtedness. Grave doubt as to power to hold stocks of other companies. No provision as to preferred stock. Must be one resident director.

Annual returns required, listing all property for local taxation. While this statute seems to include foreign corporations, it is difficult to understand how it can compel the listing of the intangible personal property of such corporations doing business in the state.

Stock must not be issued except to bona fide subscribers or their assignees. Mining corporations may be organized without actual stock subscriptions if the capital stock represents only the aggregate valuations of mining claims in the state to be deeded to the company and to be developed by it. Each stockholder is liable to creditors to the amount of his unpaid stock and no more. The liability follows the stock in the hands of all transferees.

Fees. Secretary of state, $15. Domestic and foreign corporations pay an annual franchise tax of $10.

Under the constitution no foreign corporation shall be allowed to do business on more favorable conditions than similar domestic corporations, but this provision could hardly reach matters of preliminary organization, subsequent internal management, and liability incident to ownership of stock.

Non-residents are not likely to seek this system with its requirement that all of the capital stock must first be subscribed. Residents incorporating abroad are relieved from this requirement, secure perpetual corporate life, the right to issue preferred stock, can issue stock for property and sell at less than par, and be sure of a diminished personal liability.

WEST VIRGINIA.

Before commencing business ten per cent of the whole stock subscribed must be paid up. Usual rule is at least five incorporators. No minimum or maximum capital. Corporate life fifty years, with right of renewal for fifty.

No annual statements of condition. No limitation upon indebtedness. Implied power to hold stocks of other companies if specially authorized by stockholders. Preferred stock permitted. Meetings may be held outside of the state. Manufacturing and mining corporations may exchange property for stock; by implication this would seem to exclude other corporations. All books open to directors or committee of stockholders. To sell stock at less than par requires three-fourths vote of all outstanding stock.

The original subscribers to stock remain liable for debts of the company to the extent of the amount unpaid on the stock subscribed for by them and assigned in good faith to another party, but such transferee is not so liable.

Fees. Record and filing fees of about $12 and, if chief business is in the state, when authorized capital does not exceed $10,000, $10; if it exceeds $10,000 but not $25,000, $15; if $25,000 but not $50,000, $20; if $50,000 but not $100,000, $25; if $100,000 but not $1,000,000, $25 and five cents on every $1,000, or fraction thereof, in excess of $100,000; if it exceeds $1,000,000, $70, and an additional $10 on each $1,000,000, or fraction thereof, in excess of the first million. If chief business is out of the state, record and filing fees of about $12, and, if authorized capital does not exceed $25,000, $20; if over $25,000 but not $100,000, $50: if $100,000 but not $1,000,000, $50, and forty cents on each $1,000 in excess of $100,000; if over $1,000,000 but not $2,000,000, $410, and thirty cents on every $1,000, or fraction thereof in excess of $1,000,000; if over $2,000,000 but not over $3,000,000, $710, and twenty cents on each $1,000 in excess of $2,000,000; if between $3,000,000 and $4,000,000, $910, and ten cents on each $1,000 in excess of $3,000,000; if over $4,000,000, $1,010, and $50 on each million in excess of $4,000,000. There is also an annual franchise tax computed by the same rules. Foreign corporations, upon admission, pay the license tax at above rate according to the proportion of capital stock represented by property owned and used in West Virginia but no annual license tax shall be less than $100.

The danger of incorporating in a state whose traditions and political temperament do not guarantee a fixed legislative policy and good faith with non-resident incorporators seeking its laws is well illustrated in West Virginia. Until 1901, this state with its system of absolute corporate freedom, no organization fee and a uniform annual license fee of $50 was the home of a multitude of quasi-foreign corporations. Having attracted them by such a policy, it turned upon them all in 1901 with the most burdensome system of annual franchise taxation in the United States. In the Albany Law Journal, Vol. 63, No. 5, May, 1901, Thomas Conyngton, an eminent member of the New York bar, said,—"Although it would seem as if West Virginia had withdrawn herself from the possibility of consideration by incorporators. Her former laws were by no means ideal, but they were moderate in charges, fairly secure, and convenient. The amended laws preserve none of these features. They are not safe and certainly not attractive. It would seem that the state has grasped at too much and is likely to lose most of that she already had. No conservative, solid enterprise will hereafter go to West Virginia for incorporation."

It is not a matter of surprise that many West Virginia corporations have re-incorporated under the laws of Maine, Delaware and New Jersey.

WISCONSIN.

Before commencing business one-half of the authorized capital must be subscribed and twenty per cent paid in. No maximum capital fixed. All incorporators must be residents. Corporate life unlimited.

No annual statements of condition. Bonds not to exceed seventy-five per cent of true value of money, labor or property received. As a general rule, stocks may be held in other companies when three-fourths of the stock of both companies assent. No provision as to preferred stock. Books accessible to stockholders.

No dividend can be paid until the entire capital stock is paid up. Managing officer must be a resident.

All persons transferring stock shall be liable for the amount unpaid thereon to the then creditors of such corporation and those who may become such within six months after such transfer. Sec. 1756, Wisc. St., 1898. The assignee is also liable.

Fees vary according to the character of the business. General rule, $25 if capital stock is $25,000 or less and one dollar for each additional $1,000. No annual franchise tax.

Foreign corporations, on admission, by laws of 1901, ch. 399, sec. 1 pay a license fee upon the proportion of their capital stock represented by their property and business in Wisconsin of one dollar for every $1,000 in excess of $25,000, and, by section 1770 b. Wisc. St., 1898, as amended by sec. 27, ch. 351, 1899, all foreign corporations pay, on filing preliminary papers, a fee of $25. Such corporations are, by statute, subjected to all the liabilities and restriction that are or may be imposed upon domestic corporations and are declared to have no other or greater powers. All these provisions are now the subject of litigation in the State and Federal Courts. It would seem that they would be sustained except as to foreign corporations engaged wholly in interstate commerce.

Residents, incorporating abroad, would, whatever the construction given to the general statute on foreign corporations, have the right to begin business without subscribing one-half of the capital stock and paying in twenty per cent, of issuing bonds without limit, paying dividends before capital is fully paid in, and incur less personal liability (if organized in Maine or West Virginia.) These questions have not been judicially determined, but it would seem that such corporate features are to be regulated solely by the laws of the incorporating state.

WYOMING.

No particular provision as to amount of stock to be subscribed or to be paid in before commencing business. No minimum or maximum capital. Corporate life fifty years.

No annual statements of condition. Debts not to exceed the capital stock, otherwise assenting directors liable. Cannot hold stocks of other companies unless subsidiary or tributary. Preferred stock permitted, its dividends not to exceed seven per cent per annum.

By the constitution each corporation is limited to one general line or department of business. Directors not to exceed nine. Meetings of stockholders to be held within the state. When stock is fully paid, certificate of the fact to be recorded, but no penalty for failure.

Real estate may be purchased by directors and paid for by stock issued as full paid, the facts to be stated in all reports and statements. In the absence of any statutory provision providing that the honest judgment of the directors on such valuation shall be final, the issue of legal full payment must be left to the court.

Stockholders are liable to creditors to the amount unpaid on stock held by them. The liability follows all transferees.

Fees. Domestic and foreign corporations pay, if capital does not exceed $5,000, $5; if over $5,000 and not more than $100,000, $10; over $100,000, $10 and five cents for each additional $1,000. No annual franchise tax.

Residents, incorporating abroad, secure perpetual corporate life, freedom as to indebtedness, the right to incorporate for more than one line of business, and less personal liability (if organized in Maine or West Virginia.)

MAINE.

Before commencing business three shares to be subscribed but nothing to be paid in. No publication of articles, and notice of first meeting may be waived by unanimous consent. Minimum authorized capital $1,000 (of which but three shares need be subscribed) and no limit to maximum. At least three incorporators, all may be non-residents. Par value, any amount. Corporate life perpetual.

May unite all permitted corporate purposes. No provision regulating form of corporate name. Corporation certificate states authorized capital, shares subscribed, amount paid in, names of officers, location and corporate purposes. Corporate powers not to be stated; are conferred by statutes thoroughly construed.

No public statement, at any stage, to the state or local authorities, except an annual report showing authorized capital and list of officers. Absolute freedom from publicity. No limitation upon debts of any kind. Full power to hold stocks of any other company. May at any time by majority vote create preferred stocks of any kind and fix all their characteristics. May hold real and personal property without limit. Statutory power to do business anywhere and have offices outside of state.

No resident directors; must each hold but one share. Clerk to be a resident, no other resident officers. No resident agent. Stockholders' meetings within the state; directors may meet anywhere. No books to be kept within the state except records of stockholders' meetings. No requirement as to any principal office in state except a clerk's office. By the by-laws all books except stock books may be kept free from inspection by stockholders or creditors. No public record of transfers of stock or their holding.

No statute limiting rate of dividends. May increase or decrease stock by majority vote. Cumulative voting permitted. Directors may be classified. No unusual restrictions on voting powers or use of proxies. No change can be made in the corporate purposes, except by special act of the legislature and by unanimous consent, thereby protecting the minority to an extent not usual in other states. All other amendments or changes carried by majority vote. Power to make by-laws so plenary that matters of corporate management inflexibly established by statute in many states can in Maine be arranged to meet varying needs of different conditions.

Voting powers can be granted to holders of bonds and debentures, thereby reducing the amount of capital stock on which annual and organization fees are paid in this and other states into which the corporation is admitted as a foreign corporation.

Corporations, organized in Maine and doing business elsewhere, are not subject to local taxation in Maine except upon real estate and tangible personal property actually within this state. No listing law. No return at any stage showing list of stockholders; hence, no opportunity for local assessors in other states to obtain information for purposes of municipal taxation.

Full power of merger or consolidation through the minority stockholder law. Minority stockholders have no power to stop the proposed sale or transfer, but if dissatisfied with its terms may compel payment for their shares in cash at a valuation to be fixed by the court.

May issue stock for property, labor or services, as full paid, and in the absence of actual fraud the judgment of the directors as to value shall be conclusive. Stock may be sold and issued at less than par, the original taker assuming the qualified liability hereinafter outlined. No return at any stage showing stock to be full paid or manner of payment.

No special liability for debts of employes, or otherwise, except for direct or indirect withdrawal of capital. No liability under any circumstances upon any debt secured by mortgage. Corporate bonds, secured by mortgage deeds of trust, can be issued with absolute freedom from personal liability, a feature to be found in the law of no other state or territory.

If stock is sold for less than par, or issued for a consideration otherwise than cash at a valuation adjudged by the court to be illegal because of actual fraud of the directors, the person originally so receiving such unpaid stock from the corporation is liable for the amount so unpaid, after exhaustion of corporate assets, upon all debts contracted during his ownership but action therefor must be brought within one year after any transfer by such stockholder is recorded upon the corporation books. Any transferee of any stock bought in the open market or acquired in the due course of business is not liable although bought or acquired with full knowledge that such stock was not legally full paid. So decided, *Libby* v. *Tobey*. 82 Me., 397.

Fees. Attorney General, $5, Register of Deeds; $5, Secretary of State $5. To State Treasurer, if capital is $10,000 or less, $10, if it exceeds $10,000 and does not exceed $500,000, $50, and for each additional $100,000 in excess of $500,000, $10. An annual franchise tax is required of $5 where capital is $50,000 or less, $10 if capital exceeds $50,000 and does not exceed $200,000, $25 if in excess of $200,000 and does not exceed $500,000, $50, if in excess of $500,000 and does not exceed $1,000,000, and $25 for each additional million or fraction thereof. Corporations ceasing to transact business are excused from paying this tax while their franchises remain unused. No requisites for admission of foreign corporations.

CHAPTER II.

WHERE TO INCORPORATE.

Assuming that incorporators have decided to leave their home state, their next inquiry will be in what jurisdiction will be found the least personal libility, (the most serious question), the most reasonable corporate freedom, and the smallest initial and annual burdens, keeping in mind due protection for the minority stockholder and a feeling of confidence that the legislative policy of the jurisdiction selected can be relied upon as likely to be reasonably permanent. Corporate privileges should be of the nature of insurance and may be bought so cheaply as to be worth no more than the price paid.

We assume that the reader will naturally make his choice between Arizona, Delaware, Maine, New Jersey, New York, South Dakota, and West Virginia, all of which have made great effort through advertising and voluminous literature to attract the increasing corporation business of the country Waiving all questions of social economics and the true policy, could the Federal Constitution be amended, the writer will discuss the question as applied to corporations having a capital of $500,000 and of $10,000,000.

In Arizona the initial fees would be about $36 in both cases, with no annual franchise tax. The corporation would have but twenty-five years of life and then be subject to a three-fourths vote for a right of renewal for a like period. In the other jurisdictions, corporate life is perpetual. Debts could not exceed the capital stock, while in Delaware, Maine, New Jersey, New York and West Virginia there is no limitation. Preferred stock is not permitted, a privilege granted by all such states except South Dakota. Personal liability to the extent of the amount unpaid follows the stock into the hands of all transferees, the rule in all such states except Maine and West Virginia. For these reasons and the want of confidence in the stability of its legislative policy, it would seem that this state would not be selected.

In South Dakota the initial fees would be about $12 in both cases, with no annual franchise tax. The corporation could not issue bonds or create debts in excess of the capital stock subscribed, while in Delaware, Maine, New Jersey, New York and West Virginia there is no limitation. No power to hold stocks of other companies, a privilege given by all the others. No power to issue preferred stock, although found in all the others except Arizona. Meetings of directors to be held within the state, (although this is not free from doubt) while the others accord the right to hold such meetings beyond their limits. Same rule of personal liability as in Arizona. These restrictions and the same want of confidence in its future legislative policy, as in Arizona, would seem to be sufficient to exclude this state.

In New York the initial fees of a corporation with a capital of $500,000 would be $263, if of $10,000,000, $5013, while the respective annual franchise taxes would be $750 and $15,000, assuming a business yielding 6% and that all of the capital was employed in New York, the amount to be lessened in proportion to the capital employed outside the state. The following table is instructive to the incorporator looking to New York.

	$500,000.		$10,000,000.	
	Organization.	Annual.	Organization.	Annual.
New York	$263	$750	$5,013	$15,000
West Virginia	222	210	1,322	1,310
New Jersey	110	500	2,010	4,250
Delaware	85	250	1,511	2,150
Maine	65	25	1,015	275

Or, dealing in larger capitalizations, the results would be,

	$50,000,000.		$100,000,000.	
	Organization.	Annual.	Organization.	Annual.
New York	$25,000	$75,000	$50,000	$150,000
West Virginia	3,322	3,310	5,822	5,810
New Jersey	10,010	6,250	20,010	8,750
Delaware	7,510	3,350	15,010	4,850
Maine	5,015	1,275	10,015	2,525

But it should be borne in mind that in New York the annual franchise tax is assessed upon the capital employed within the state, and in New Jersey and Delaware, upon the stock issued and outstanding.

To this annual burden there must be added the municipal tax which under the statute of New York can be assessed locally upon the entire capital, a right under the statutes of no other state in the table except possibly in New Jersey (and not yet ever used in that state). With heavier initial and annual burdens, the requirement of paying in ten per cent upon all cash subscriptions, of paying one-half of the capital the first year, publicity and details of annual statements, the rule that directors' meetings must be held within the state and the rule of personal liability, it would seem that promoters could ill afford to use this system, even if all were residents of the state of New York.

In West Virginia it appears by the foregoing table, were the intermediate figures filled in, that incorporation is originally more expensive in this state than in Delaware or New Jersey up to $5,000,000 and beyond that materially less. That all its annual franchise fees are considerably less than in those states, but both in organization and annually far in excess of those of Maine until a limit of $50,000,000 is reached, after which organization in Maine costs more than in West Virginia while the annual burden in the latter state is more than double that of Maine. Re-incorporation is necessary at the end of fifty years. The statute exempting the transferee of stock from all liability presents a rule more favorable than any of the foregoing states, save that of Maine, where transferees are so exempt and all stockholders are exempt from liability on debts secured by mortgage. Much stress is laid by West Virginia upon the statutory provision that stockholders' meetings need not be held within the state. We respectfully submit that the power is too dangerous to be granted to any majority, empowered as it is in that state to change the corporate purposes at its pleasure. With a transitory and undiscoverable clerk's office, the corporate records and by-laws, the life and marrow of every corporation, are practically beyond the reach of effective judicial process and the minority stockholders are substantially without protection. It would seem that this feature would destroy the market for stock of such corporations. This state for reasons already given under the heading "West Virginia" in Chapter I has shown by its burdensome tax law of 1901 that no non-resident can depend upon its good faith and build his corporate enterprise with any degree of confidence as to its future legislative policy. It would seem that incorporators would prefer Delaware or New Jersey at greater expense or Maine at far less.

In Delaware the initial and annual fees are less than in New Jersey but materially more than in Maine. This state offers no peculiar advantages not found in Maine and New Jersey. A duplicate stock ledger must be kept here, an original in New Jersey, but none in Maine. The statute purporting to make the judgment of the directors final upon the value of property received for stock is as already shown (see Chap. I. "Delaware") subject to grave constitutional doubt in the minds of eminent, disinterested lawyers. The corporation certificate must be drawn with a care that opens the way for possible danger. The purchaser of stock has no assurance that he is free from personal liability, as in Maine. As in West Virginia, this state attaches great weight to its grant of permission to corporations to hold meetings beyond the limits of the state but for reasons already given we submit that this is an element of weakness. A careful comparison discloses no advantages not found in New Jersey and Maine. While the policy is new, borrowed in 1899 from New Jersey, and the state has no past history of development of corporate legislation from which to draw a conviction of confidence in its future legislation, it is fair to say that it is not likely to make prejudicial changes. While to some the safety of New Jersey may seem to warrant the increased initial and annual burdens of that state, it is a perpetual inquiry to suggest why should incorporators pay more in Delaware for the same privileges to be had in Maine, when in the latter state additional privileges are obtainable with some features of greater corporate safety for the investor and a larger degree of certainty as to future legislative action. Incorporation in Delaware, maintained for ten years, would cost more than in Maine as follows on the following capitalizations; $500,000—$2270; $10,000,000—$19,246; $50,000,000—$23,245; $100,000,000—$27,245. For incorporations of $350,000 or less the organization fees are less in Delaware than in Maine, but by reason of the heavier annual tax in Delaware the balance soon changes; for illustration, one can incorporate for $100,000, in Delaware for $30 and in Maine for $65 but the annual tax in Delaware is $50 and in Maine $10; difference in Maine at end of first year $5, and in ten years $395.

In New Jersey the incorporator must pay far more than in Maine. Although the literature spread broadcast by the registration and trust companies assert that the "Incorporation fee and annual tax are nominal" the following tables illustrate the different results between New Jersey and Maine.

ORGANIZATION.

	$500,000	$10,000,000	$50,000,000	$100,000,000
New Jersey	$110	$2,010	$10,010	$20,010
Maine	65	1,015	4,615	9,560
Difference	$45	$995	$5,395	$10,450

ANNUAL TAX.

	$500,000	$10,000,000	$50,000,000	$100,000,000
New Jersey	$500	$4,250	$6,250	$8,750
Maine	25	275	1,275	2,525
Difference	$475	$3,975	$4,975	$6,225

In Maine the saving in ten years would be $4795 on a corporation of $500,000, $40,745 if $10,000,000, $55,145 if $50,000,000, $72,700 if $100,000,000; exclusive of a large sum for interest. While for corporations below $325,000, the organization fee is less in New Jersey than in Maine, still at the end of the first year by reason of the heavier franchise tax the cost in New Jersey becomes much greater. For illustration, one can incorporate in New Jersey for $100,000 with fees of $30 and in Maine for $65, but the annual tax in New Jersey is $100 and in Maine $10, difference in Maine at end of first year $55 and in ten years $865.

With increased burdens, New Jersey offers no advantages not found in the Maine system and more restrictions and inconvenience. One thousand dollars must be subscribed in New Jersey and in Maine three shares. Certificate must state corporate purposes and powers but in Maine simply the corporate purposes. Preferred stock is limited to two-thirds of capital stock paid in but in Maine no limit with the additional advantage that all its characteristics may be fixed by vote of stockholders to meet the dissimilar needs of each corporation. One resident director required; none in Maine. Stock and transfer book to be kept within the state, but in Maine may be kept anywhere. Must maintain a principal office in the state with resident agent in charge authorized to transfer stock, for which uniform annual fee of $50 is exacted; in Maine only a clerk's office where only stockholders' records are kept, usual annual fee being $25. All intangible personal property liable to municipal taxation, but not in Maine. Statute confers the dangerous power of changing and adding to corporate purposes by a two-thirds vote, so that a minority may invest in one business and find their capital transferred to another; this power is denied in Maine as tending to make investments unsafe. All other changes, not fundamental, require two-thirds vote; in Maine a majority.

The radical difference is in the rule of personal liability. In New Jersey, if stock is originally sold at less than par or through the fraud of directors is issued for property at an over-valuation, upon insolvency the liability for the amount so unpaid follows the stock in the hands of all transferees. No purchaser or holder of New Jersey stock knows the extent of his contingent liability. If bonds are issued, secured in the ordinary way by mortgage deeds of trust, or other debts created secured by mortgage, and on insolvency the security fails to meet the bonds or debt, the deficiency becomes a corporate liability, attaching to all stock legally unpaid in full. Where directors sell treasury stock at less than par or fraudulently over-value plants purchased of themselves or others, the excess of debts above assets at the time of insolvency falls upon all persons then holding the shares so issued. Good faith in the purchase of such stock and want of notice of the original failure to pay in in full constitute no defence.

In Maine no stockholder is liable upon any debt secured by mortgage. The buyer of bonds looks wholly to the corporate property. This rule has given rise to the extensive use of bonds by Maine corporations, materially reducing initial and annual fees in Maine and states admitting its corporations. The party first receiving the stock from the corporation, if not legally paid in full, is liable during his ownership and for one year after recorded transfer upon all debts contracted during his ownership, but action must be brought during such ownership or said year. No subsequent purchaser of such stock is personally liable under any circumstances although he may have purchased his stock with full notice that it is in fact not full paid. So decided in *Libby* v. *Tobey,* 82 Me., 397. The public can buy Maine stock from the original holders with absolute certainty of freedom from personal liability. In 1901 Maine adopted the New Jersey rule permitting directors in the absence of fraud to finally fix the value of property received for stock. In *Libbey* v. *Tobey, supra,* decided Feb. 21, 1890, the court construed the statute as it then stood, holding that the judgment of the directors, although made in good faith, did not fix the valuation but that property so received must in fact be worth the par value of the stock issued for it. The statute of 1901 superseded the decision to that extent, but in no way affected that part relating to the freedom from all liability where purchased from an original holder. Cook on Stockholders, commenting on *Libbey* v. *Tobey,* declared "Maine too dangerous a state to incorporate in" and in Dill on New Jersey Corporations (1899), Smith on Delaware Corporation Law (1899) and other literature of those states the quotation is repeated. It would seem to be time to withdraw the criticism, at least in Delaware where a reasonable construction of the state constitution is likely to put the rule of *Libbey* v. *Tobey* upon Delaware corporations lured to that state by a statute of doubtful validity.

If the reader will carefully study Heath on "Laws of Maine Concerning Business Corporations" and Dill on "New Jersey Corporations" he will conclude that, bearing in mind the power in Maine to regulate through the by-laws all of the matters of internal regulation fixed by statute in New Jersey, there are no corporate advantages whatever to be found in New Jersey not obtainable in Maine. On the other hand, Maine gives more at less cost. Commenting upon the Maine law, recent trust company literature of New Jersey condemns the system of Maine as too liberal when in fact both systems are identical in liberality, viewed from the standpoint of social economics, but Maine rigidly protects the rights of the minority through her refusal to permit a change of corporate purposes without unanimous consent and her minority stockholder law protecting the cash value of the investment, the two combined inviting the confidence of investors and making Maine stock saleable.

The New Jersey legislative policy is fixed and its future to be relied upon, the public evidently leaving to the bar of the state the control of its corporate legislation. In Maine, with unchanging political control, a corporation code carefully planned by the bar for forty years, a state conservative in all its traditions, a like feeling of confidence as to future legislation is a reasonable certainty. After twenty-six years' experience in the work of building up this code, in the legislature and out of it, the writer believes he can say with confidence that no investor need fear any future legislation hostile to the interests of non-residents seeking the corporation laws of Maine.

It would seem that non-residents, whether contemplating a corporation with the smallest or largest capital, looking for economy of initial and annual burdens, absolute freedom from publicity, flexibility of management through appropriate by-laws, a system free from pitfalls in the preparation of papers for organization, absolute freedom from personal liability for all subsequent purchasers of stock, the power to keep all books (except records of stockholders' meetings) outside of the state, all officers except the clerk to be non-residents, the power to issue bonds free from all personal liability, protection to the minority without infringing upon reasonable powers of the majority, absolute confidence in the permanency of the existing legislation, and, as a necessary result, an issue of stock that investors can buy from original holders with a judicial decision that no personal liability follows,—it would seem that such a system would be sought by all non-residents. We respectfully submit that the strong features of the Maine system are not understood by the profession abroad. The personal presence of incorporators at the organization meeting in Maine is not necessary, being superseded by the ordinary methods in use in New Jersey and elsewhere. The requirement that stockholders' meetings must be held in Maine presents, as in all the eligible states except Delaware and West Virginia, an apparent business inconvenience. For reasons stated, any other system introduces into the corporate management an element of danger tending to repel purchasers of stock. The purchaser of Maine stock is at all times sure of getting the jurisdiction of the Maine court. But as in New Jersey and other states the apparent inconvenience is easily overcome by the free use of proxies. The policy of the company is outlined by informal gatherings of the majority or controlling interest and formal meetings held at the clerk's office controlled by proxies sent with specific instructions. Minority stockholders, receiving notices, can be heard through proxies in the same manner. In years past thousands of corporations, non-resident in their management, have had no difficulty in so conducting their affairs under Maine charters.

CHAPTER III.

TABLES OF COMPARATIVE COST.

Counsel must decide whether the difference in expense, at the outset and annually, will balance the superior advantages of the Maine system. As a ready aid in the problem we add the tables in this chapter. We refrain from wearying the reader with a recapitulation of the advantages to be gained by leaving his own state and incorporating in Maine. Counsel best know the system of their own state. We assume that they have read the sub-section in Chapter I. devoted to their own state, the sub-section "Maine" in that chapter, and all of Chapter II. "Where to Incorporate." They have greater familiarity with the details of their own system and will generously pardon our inaccuracies, if any.

That organization abroad, and a return to the home state for the transaction of actual business as a foreign corporation, may be more expensive at the outset and annually, is not always a controlling consideration. The superior advantages may be worth the increased burden. Aside from statutory differences, the right of removal of causes to the Federal Courts is often enough to warrant the increased expenditure.

The tables assume a corporation with a capital of $500,000. For changes, if proposed capital is larger or smaller, see Chapter V. "Schedule of Fees." No admission fee should be included if capital is wholly engaged in interstate commerce.

ALABAMA.

First year, Maine charter fee $65, Maine tax $25, admission $100. Organized at home $100. Increase in subsequent years, the Maine tax.

ARIZONA.

First year, Maine charter fee $65, Maine tax $25. At home $36. Increase in subsequent years, the Maine tax.

ARKANSAS.

First year, Maine charter fee $65, Maine tax $25, admission $25. At home, $25. Increase in subsequent years, the Maine tax.

CALIFORNIA.

First year, Maine charter fee $65, Maine tax $25, admission $75. At home $75. Increase in subsequent years, the Maine tax. Home corporation pays ten cents on every issue of a certificate of stock.

COLORADO.

First year, Maine charter fee $65, Maine tax $25, admission $50. At home, charter fee $110, tax $25. In subsequent years tax in Maine $25 and Colorado $50, while a home corporation would pay annually $25.

CONNECTICUT.

First year, Maine charter fee $65, Maine tax $25, admission $15. At home, $250. In subsequent years the annual loss would be the Maine tax of $25.

DELAWARE.

First year, Maine charter fee, $65, Maine tax $25, admission $50. At home $85 and $250 tax. In subsequent years the tax in Maine would be $25, but if incorporated at home $250.

FLORIDA.

First year, Maine charter fee $65, Maine tax $25. At home $250. Increase in subsequent years, the Maine tax.

GEORGIA.

First year, Maine charter fee $65, Maine tax $25. At home, nominal. Increase in subsequent years, the Maine tax.

IDAHO.

First year, Maine charter fee $65, Maine tax $25. At home $12. Increase in subsequent years, the Maine tax.

ILLINOIS.

First year, Maine charter fee $65, Maine tax $25, admission (if entire capital employed in state in domestic commerce) $545. At home $545. Increase in subsequent years, the Maine tax.

INDIANA.

First year, Maine charter fee $65, Maine tax $25, admission (if entire capital in state and engaged wholly in domestic commerce) $500. At home $500. Increase in subsequent years, the Maine tax.

IOWA.

First year, Maine charter fee $65, Maine tax $25, admission nominal. At home $515. Increase in subsequent years, the Maine tax.

KANSAS.

First year, Maine charter fee $65, Maine tax $25, admission $325 if any capital used in domestic commerce. At home $325. Increase in subsequent years, the Maine tax.

KENTUCKY.

First year, Maine charter fee $65, Maine tax $25. Admission $500, if to engage in domestic commerce. At home, $500. Increase in subsequent years, the Maine tax.

LOUISIANA.

First year, Maine charter fee $65, Maine tax $25, admission $25. At home, $25, with fees of notary and advertisements. Increase in subsequent years, the Maine tax.

MARYLAND.

First year, Maine charter fee $65, Maine tax $25, admission $25. At home $625. Increase in subsequent years, the Maine tax.

MASSACHUSETTS.

First year, Maine charter fee $65, Maine tax $25, admission $10. At home, $200. Increase in subsequent years, the Maine tax.

MICHIGAN.

First year, Maine charter fee $65, Maine tax $25, admission $250, (if entire capital is employed in the state in domestic commerce). At home, $250. Increase in subsequent years, the Maine tax.

MINNESOTA.

First year, Maine charter fee $65, Maine tax $25, admission $275 (if entire capital employed in state in domestic commerce). At home $275. Increase in subsequent years, the Maine tax.

MISSISSIPPI.

Computed upon the maximum of $250,000. First year, Maine charter fee $65, Maine tax $25, admission $15. At home, $250. Increase in subsequent years, the Maine tax.

MISSOURI.

First year, Maine Charter fee $65, Maine tax $25, admission $285, (if entire capital is employed in the state in domestic commerce). At home $285. Increase in subsequent years, the Maine tax.

MONTANA.

First year, Maine charter fee $65, Maine tax $25, admission $25. At home $250. Increase in subsequent years, the Maine tax.

NEBRASKA.

First year, Maine charter fee, $65, Maine tax, $25, admission, $50. At home, $50. Increase in subsequent years, the Maine tax.

NEVADA.

First year, Maine charter fee, $65, Maine tax, $25. At home, $5. Increase in subsequent years, the Maine tax.

NEW HAMPSHIRE.

First year, Maine charter fee, $65, Maine tax, $25. At home $50. Increase in subsequent years, the Maine tax.

NEW JERSEY.

First year, Maine charter fee, $65, Maine tax, $25, admission $10. At home, $100 and tax of $500. In subsequent years, franchise tax on home corporation would be $500, on the Maine corporation, $25.

NEW MEXICO.

First year, Maine charter fee, $65, Maine tax, $25, admission, $216. At home, $216. Increase in subsequent years, the Maine tax.

NEW YORK.

First year, Maine charter fee, $65, Maine tax, $25, admission fee, $625 (if entire capital is employed in state in domestic commerce) and franchise tax in New York (upon capital so employed), under 6% rule, $750. If organized at home, charter fees, $260 and franchise tax, $750. In subsequent years the home corporation would pay franchise tax of $750, and if organized in Maine the Maine tax of $25 and New York tax of $750. The varying elements involved under the rule of employment of capital require the facts of each case for comparative analysis.

NORTH CAROLINA.

First year, Maine charter fee, $65, Maine tax, $25. At home, $100. Thereafter the home corporation would pay annually $100 but if organized in Maine only the Maine tax of $25.

NORTH DAKOTA.

First year, Maine charter fee, $65, Maine tax, $25. At home, $275. Increase in subsequent years, the Maine tax.

OHIO.

First year, Maine charter fee $65, Maine tax $25, admission $500, (if entire capital is employed in Ohio in domestic commerce) and annual tax (if capital is so employed) $500. If organized at home, charter fee $500 and franchise tax $500 (if all of stock is subscribed for or issued and outstanding.) In subsequent years, the increased expense would be the Maine annual tax of $25.

OKLAHOMA.

First year, Maine charter fee, $65, Maine tax, $25. At home $8. Increase in subsequent years, the Maine tax.

OREGON.

First year, Maine charter fee, $65, Maine tax, $25. At home, nominal. Increase in subsequent years, the Maine tax.

PENNSYLVANIA.

First year, Maine charter fee, $65, Maine tax, $25, admission, $1666 (if entire capital is employed in state in domestic commerce). At home, about $1700. Increase in subsequent years, the Maine tax.

RHODE ISLAND.

First year, Maine charter fee, $65, Maine tax, $25. At home, $500. Increase in subsequent years, the Maine tax.

SOUTH CAROLINA.

First year, Maine charter fee, $65, Maine tax, $25. At home, $50. Increase in subsequent years, the Maine tax.

SOUTH DAKOTA.

First year, Maine charter fee, $65, Maine tax, $25. At home about $12. Increase in subsequent years, the Maine tax.

TENNESSEE.

First year, Maine charter fee, $65, Maine tax, $25, admission, $120. At home, $500. Increase in subsequent years, the Maine tax.

TEXAS.

First year, Maine charter fee, $65, Maine tax, $25, admission (ten year permit) $50, and Texas franchise tax (if engaged in domestic commerce) of $140. At home, $50. In each subsequent year, the $25 tax in Maine and $140 in Texas (if in domestic commerce) with a further fee of $50 every ten years for renewal of permit.

UTAH.

First year, Maine charter fee, $65, Maine tax, $25, admission, $125. At home, $125. Increase in subsequent years, the tax in Maine.

VERMONT.

First year, Maine charter fee, $65, Maine tax, $25, Vermont tax, $32.50. At home $200 and Vermont tax of $32.50. In subsequent years the home corporation would pay a tax of $32.50, if organized in Maine, $25.

VIRGINIA.

First year, Maine charter fee, $65, Maine tax, $25. At home, $270. Increase in subsequent years, the Maine tax.

WASHINGTON.

First year, Maine charter fee, $65, Maine tax, $25, admission, $10. At home, $10. In subsequent years the home corporation would pay $10, if organized in Maine the Maine tax of $25 and a tax of $10 in Washington.

WEST VIRGINIA.

First year, Maine charter fee, $65, Maine tax, $25, admission, $230. At home, $230. In subsequent years the home corporation would pay $230, if organized in Maine but $25.

WISCONSIN.

First year, Maine charter fee, $65, Maine tax, $25, admission, $500 (if entire capital is employed in domestic commerce). At home, $500. Increase in subsequent years, the Maine tax.

WYOMING.

First year, Maine charter fee, $65, Maine tax, $25, admission, $30 (if any capital is employed in domestic commerce). At home, $30. Increase in subsequent years, the Maine tax.

CHAPTER IV.

HOW TO INCORPORATE WITHOUT GOING TO MAINE.

Counsel abroad are requested to send to Heath & Andrews of Augusta for Mr. Heath's "Laws of Maine Concerning Business Corporations," fully annotated, containing forms and directions and a complete set of by-laws adapted to Maine corporations carrying on business outside of the state. The book is sent only to members of the profession, and without charge, as we believe that the clientage of foreign counsel should not be disturbed. We decline to approve the growing practice of Corporation Charter Companies in their attempts to draw from home counsel business legitimately theirs. If your copy is at any time lost or mislaid, another will be cheerfully sent on application. Where counsel agree to do business with us, they will be furnished without charge with any number of copies desired for distribution among clients contemplating incorporation. Counsel doing business with us will receive after each legislative session "Addenda" showing changes in laws of Maine.

Counsel should also send for this pamphlet on the systems of all the states and territories to be sent free under the same conditions and for like distribution among clients. While apparently lengthy, even laymen need but read the topics in Chapters I and III devoted to their own state, the topic "'Maine" in Chapter I and all of Chapter II to be able to decide where their best business interests lie. Counsel doing business with us will receive annually hereafter "Addenda" to keep pamphlet up to date. They will also receive, on application, without charge, such quantities of this pamphlet as they need to distribute among clients.

Counsel will also be furnished, from time to time, without charge, with full sets of forms, and mailing cases for the same, containing such printed directions upon each blank that their execution and the preparation of the necessary by-laws is made comparatively easy upon consultation with their clients in their own offices. Fill these forms out *precisely as directed* and (ordinarily in two days) you will receive in return the corporation certificate duly recorded together with certified copy of records of meetings of stockholders and directors and of such other corporate papers as may be desired. The corporation will then be fully organized as planned by you and ready to transact its lawful business. We cannot outline any unvarying method by which to accomplish these results without the presence of your clients, as different conditions require dissimilar methods. We simply ask the execution of our forms according to their plain printed directions prominently put on each. We will carry through your organization by methods adapted to each particular case and assure you in advance of complete satisfaction. We invite you to write to any of the counsel we refer to on the last pages of this pamphlet.

Counsel should send check for the necessary organization fees, a counsel fee of $25 and the clerk's fee of $25 for the first year. We divide these fees of $50 with counsel sending the business, upon terms to be specially arranged, but thus far always to the satisfaction of counsel abroad, varying according to the amount of business sent. We charge an annual clerk's fee of $25, payable in advance, for maintenance of clerk's office, keeping the records of meetings of stockholders, and furnishing certified copies of such records. Its payment entitles the corporation to such advice on statutory questions as it may need during the year, a privilege not often accorded in other states.

All annual or special meetings of stockholders are easily managed at our office through proxies voted by us under special instructions. With the close corporation, this method of annual action presents no element of business inconvenience. If the stock is active, in nearly every case the directors have a controlling interest of some nature and easily shape the policy of the corporation, sending us proxies to effectuate their wishes. Where contests arise, any stockholder may send us a proxy to be voted as he directs. He will be treated with all due fidelity.

By the foregoing methods we give counsel abroad opportunity to make any given case of incorporation of clients as profitable as if they utilized their local system. Their clients will not object to the counsel fee of $25 coming to this office when weighing the advantages of a Maine charter. We believe counsel abroad should appreciate our positions of courtesy due them and by active solicitation, not unprofessional in this line of work where no litigation is involved, make a broad effort to increase their corporation practice and ours. We have carefully planned our methods to make the business connection mutually right.

We solicit business solely through counsel. We do not solicit yours, *if you have any regular correspondent in Maine.* Our personal relations with the Maine bar are such that we cannot, directly or indirectly, interfere with the established business of others.

We find that every case requires patient oversight. The organization of a corporation to invite public confidence calls for careful judgment and is safe only when in the hands of counsel of long experience. We by no means claim to have the best office in Maine. Other counsel are more eminent, none more painstaking. We do assert that every case will receive discriminating care at every step. Our senior partner has had twenty-six years experience having developed and drawn, in the legislature and out of it, a large part of the corporation legislation of the state. The junior partner has had seventeen years experience. We are general counsel for nearly all the electric railroads of Maine, some of its narrow gauge steam railroads, many water, electric light, lumber, pulp, telephone and general business corporations, being also general counsel for the Augusta Trust Company (deposits nearly $2,000,000) and Kennebec Savings Bank (deposits about $1,000,000) of which institutions the senior partner is a trustee. Our work is largely with corporations, but our office is so systematized that the work of organizing corporations for non-residents is never delayed, no matter what the pressure of our local work may be.

We are located at the state capital and county seat, thus economizing time in filing corporation certificates with the secretary of state and register of deeds, furnishing us ready access to records and precedents. Our offices occupy nearly all of two floors in two blocks and are equipped with commodious filing rooms and vaults where all corporate records and papers are safely kept. Our system of books, forms, blanks, indexes, etc., all original with us, is such that we can handle any amount of business without delay and years hence furnish promptly copies of all papers or records material. We have a large force of stenographers and assistants, trained in this line of work, enabling us to work with great promptness and rapidity.

If you cannot send your business to us, there are many offices in the state admirably fitted for such work from whose hands you would receive entire satisfaction. We have issued, at great expense, and intend to annually keep up our two pamphlets that the profession abroad may understand that Maine has to-day the most economical, the saftest and (in the absence of a national authority to incorporate) the best state system of organization. Send your business to some one in Maine, if not to us.

We submit this pamphlet to a profession, always critical but generous in understanding that in so broad a field of compilation absolute accuracy is impossible, although we have sought to patiently verify every position taken. While troubled by the fear that it may contain some errors, we are gratified tò know that our pamphlet on the Corporation Laws of Maine has, after a year's test, proved to be free from errors.

The writer does not submit the views herein expressed as the ideal system were it possible in our present form of government to secure uniform legislation. Academic systems of restriction by a single state are powerless for good. Maine long since adopted the policy of statutory freedom, leaving to each corporation the responsibility of dealing fairly with the public under the penalty of loss of financial confidence for delinquency. Until the general government grapples with the problem and corporations become national, we respectfully submit that Maine has the best system adapted to present governmental conditions. The ideal system would be one purely American, where the interstate corporation will have over it the controlling hand of interstate authority, uniformity of creation and of control, a publicity that will be actual, a system that will safely and conservatively control great corporations to their own good and to the lasting good of the people at large. The incorporator of to-day deals, however, with no problem of social economics but with the world as he finds it. The compiler of this pamphlet, believing state regulation to be unwise, commends the Maine system for its liberality in putting upon the corporation the responsibility of so ordering its ways as to demand and command public confidence. The non-resident, seeking her laws, contemplating honest management, finds a degree of safety to be found in no other jurisdiction. The dishonest promoter, planning fraud, finds no more opportunity under her charters than under the letters-patent of states imposing the most burdensome restrictions. Maine invites the non-resident and promises him stability in her legislative policy. If the profession abroad would critically study her system, all corporations, large or small, would make their home under her laws, framed by a conservative people and interpreted by a court respected wherever known.

CHAPTER V.

SCHEDULE OF FEES IN MAINE.

ORGANIZATION.

Attorney General	$5 00
Register of Deeds	5 00
Secretary of State	5 00
Treasurer of State, capital $10,000 or less	10 00
Treasurer of State, capital over $10,000 to $500,000	50 00
Treasurer of State, each $100,000 over $500,000	10 00

INCREASE OF STOCK.

Secretary of State	$5 00
Treasurer of State, same as at organization.	

CHANGES.

A uniform fee of $5.00 to Secretary of State for certificates for change of name, change of par value, decrease of stock, etc.

CEASING TO TRANSACT BUSINESS.

Attorney General	$5 00

ANNUAL FRANCHISE TAX.

Payable to State Treasurer.

Computed on capital authorized.

Capital $50,000 or less	$5 00
Capital over $50,000, does not exceed $200,000	10 00
Capital over $200,000, does not exceed $500,000	25 00
Capital over $500,000, does not exceed $1,000,000	50 00
Each additional million or fractional part	25 00

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Counsel doing business with Heath and Andrews will receive annually all necessary sheets for insertion to constantly keep this Manual up to date, and (biennially) all amendments to laws of Maine to be inserted in Heath's Corporation Law of Maine.

Such counsel will be furnished without charge with all copies of both pamphlets needed for distribution among clients.

Blanks and forms sent free.

The two pamphlets sent to all such counsel, on application, bound in cloth, without charge.

General Counsel
Augusta Trust Co.
Kennebec Savings Bank.

LONG DISTANCE TELEPHONE.

Heath & Andrews,

ATTORNEYS-AT-LAW,

AUGUSTA, MAINE.

H. M. HEATH, 1876. **C. L. ANDREWS, 1885.**

REFERENCES WITHOUT PERMISSION.

John F. Hill, Governor of Maine,	Augusta, Me.
Granite National Bank,	Augusta, Me.
Carter, Hughes & Dwight, lawyers,	96 Broadway, N. Y.
Arthur L. Livermore, lawyer,	165 Broadway, N. Y.
J. Edward Ackley, lawyer,	120 Broadway, N. Y.
Chas. Haldane, lawyer,	World Building, N. Y.
Frank E. Stripe, lawyer,	13-21 Park Row, N. Y.
Augustus P. Loring, lawyer,	22 Congress St., Boston, Mass.
Bates & Holliday, lawyers,	Tremont Bldg., Boston, Mass.
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John Hildreth, lawyer,	Holyoke, Mass.
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John Aldrich, lawyer,	Springfield, Mass.
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Thos. H. Sullivan, lawyer,	Worcester, Mass.
Frank H. Jackson, lawyer,	Providence, R. I.
Oscar Lapham, lawyer,	Providence, R. I.

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